

Anti-Arafat Forces Push Into Tripoli's Northern District

By Herbert H. Denton
Washington Post Service

TRIPOLI, Lebanon — Palestinian rebels backed by Syrian troops advanced into northern Tripoli Monday, moving to within about a half-mile of Yasser Arafat's downtown headquarters before military forces declared a cease-fire.

Thousands more residents fled this seaport city after a weekend of sustained bombardment by Syrian rockets and artillery. Damage to the city has been extensive, and casualties high.

Mr. Arafat dismissed rebel claims of a cease-fire, though the pace of fighting did diminish.

The Palestinian dissidents said they had ordered the truce in response to appeals from political and religious leaders in Tripoli. The rebels, in a statement issued in Damascus, called on city leaders to expel Mr. Arafat's men.

But Mr. Arafat, whose loyalist Palestinian Liberation Organization forces retreated here after being driven out of the Badawi refugee camp and other outposts outside the city, expressed his determination to remain. The loyalists placed mortars and rocket launchers in schools, warehouses and groves.

Mr. Arafat again warned Monday that the Syrians were preparing to invade the city of 500,000, and again offered his forces as a "sword" to defend against an attack.

Mr. Arafat's allies are circulating fliers in the city seeking recruits to fight alongside the militia of the Islamic Unity Movement, a fundamentalist Sunni Moslem group. Heavily exposed to the Syrian regime of Hafez al-Assad.

Police and maritime sources in Tripoli said the PLO chairman had shipped in ammunition and reinforcements during the weekend. Two small ships bringing in the reinforcements were hit, forcing the guerrillas to swim ashore, the sources said.

Whether Mr. Arafat fears a Syrian invasion of Tripoli or is, instead, trying to lure the Syrians and PLO dissidents into what could be a costly, protracted battle was not clear. But both his militia and political allies here appeared to fear such an attack.

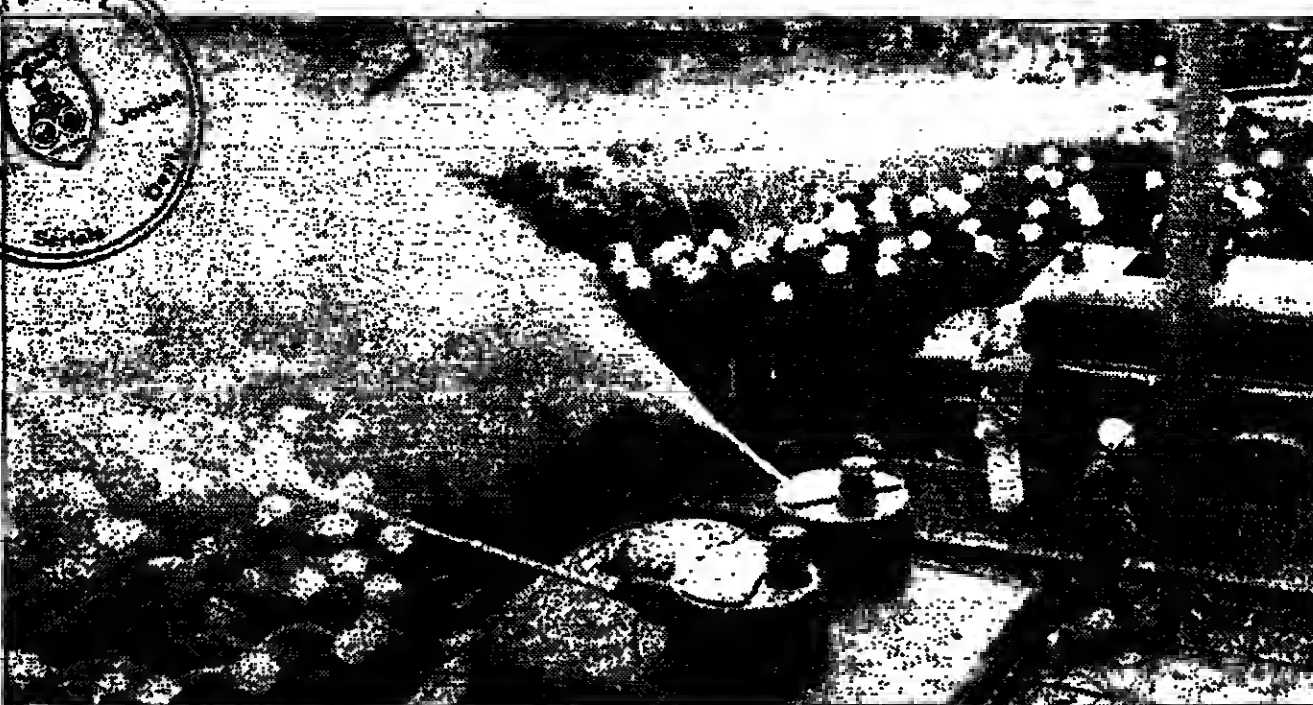
By all reckoning, a battle for Tripoli would be bloody and difficult. Narrow, labyrinthine streets surround the area around Mr. Arafat's headquarters.

Efforts by several parties to end the fighting, which began Nov. 3, have proved unsuccessful. Monday, two radical PLO factions — the Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine — called for "democratic dialogue" between Mr. Arafat and the rebels.

But the rebels' insistence that Mr. Arafat must leave Lebanon seemed to leave little hope that the latest pause in hostilities would last long.

Thousands of Tripoli residents fled Sunday and Monday. Some of those who remained said they feared that if they abandoned their homes, Palestinian refugees would take them over.

The two main hospitals in Tripoli receiving casualties reported that 8 dead persons and 91 wounded had been brought to them during the weekend.



Police in Bonn used water cannon Monday to disperse hundreds protesting the scheduled deployment of U.S. missiles.

New Regime In Grenada Seen to Have Little Power

By Loren Jenkins
Washington Post Service

ST. GEORGE'S, Grenada — Almost four weeks after the U.S.-led invasion, Grenada's interim government is scarcely functioning.

According to Western diplomatic sources who followed the first debates of the ruling advisory council of Sir Paul Scoon, the governor general, it agreed only that economic and security issues must come before any decision on when to hold elections.

While Sir Paul had talked in private of holding elections within a year, the version emerging from the council's first session last week was that it might take up to two years for Grenada to be ready to choose a democratic government.

Sir Paul and the council "have proclaimed themselves the new government of Grenada until an elected government can be formed," a European diplomat here said. "But the fact is the government here is still very much headed by Ambassador Charles Gillespie, of the U.S. Mission and Major General Jack Farris, the U.S. military commander."

"The sad fact is that they look like they will be the government behind the government here for a long, long time," the envoy added. By identifying the long-term issue of security as a priority, the council members were admitting that a foreign, probably American, presence was going to be needed on the island indefinitely.

Although the current 4,300-member U.S. military force is augmented by a 350-member Caribbean peacekeeping force from six neighboring islands, the general assessment of both U.S. and Grenadian officials is that the latter is too small and inadequately trained to do more than serve as a constabulary in the capital.

Although the Reagan administration announced its intention to pull out the remaining 2,300 U.S. combat troops by Christmas, U.S. officials here indicate that another 2,000 "noncombat" troops will be staying well into next year.

Finding the means of alleviating the island's economic crisis also seemed to be out of the council's hands.

So far, the U.S. government has earmarked \$3.5 million in emergency aid. The initial \$500,000 was for food and disaster relief following the Oct. 25 landing. The other \$3 million is being invested to repair water, road and electrical systems and in public health and education assistance.

U.S. officials, wary of being pinned down to a long-term aid figure, privately predict that \$15 million may be allotted for the fiscal year ending next Sept. 30, including \$5 million for budgetary support to allow the near-bankrupt government to pay back four years of loans to local banks.

All talk of economic survival on the island sooner or later turns to the still uncompleted airport, which was being built by Cuban labor at Point Salines, 5 miles (8 kilometers) south of here.

Now that the Cubans and Russians have been evicted from Grenada, U.S. officials have quietly changed their tune about the importance of such an airport to the faltering economy. Adopting a line similar to that of the Marxist prime minister, Maurice Bishop, before his death, U.S. officials now agree privately that the airport is crucial to Grenada's economic future.

According to officials from Plessey, the British firm that oversaw the Cuban-financed airport construction, there is still about \$55 million worth of work to be done on the \$200-million project.

Soviet Awards Prize to Author of Book Praising Stalin's Wartime Leadership

By Dusko Doder
Washington Post Service

MOSCOW — In a move to rehabilitate Stalin's wartime leadership, the Soviet authorities have awarded the 1983 State Prize for Literature to the author of a novel containing the most effusive praise of the dictator in nearly three decades.

The country's highest literary award was given to Ivan Standnyuk for his novel called "War." The book has been out of print for nine years.

When it was published in 1974, the author was sharply denounced in the press for having "exaggerated" the importance of Stalin's wartime leadership while glossing over his mistakes.

"War" has been described by literary intellectuals here as the most sympathetic portrait of Stalin to appear since Nikita S. Khrushchev denounced the late dictator for his many "mistakes."

The denunciations included charges that Stalin decimated the military leadership in the 1930s purges, that he ignored the threat of a German invasion and that he panicked in the opening days of the war.

By selecting the old novel for a prize, the Soviet leadership has taken a significant step toward Stalin's rehabilitation. It was also described by observers as a move toward a more balanced assessment of Stalin's failures and accomplishments.

The award was given by the Communist Party's Central Committee and the government and presumably was approved directly by the Soviet leader, Yuri V. Andropov. It is believed that the decision was made sometime in October before Mr. Andropov was hospitalized with an unspecified but serious ailment. Mr. Andropov is believed to be still convalescing.

Contradicting the official picture of Stalin that emerged during the Khrushchev years, Mr. Standnyuk presents the dictator as an incisive military leader. The author ignores his purges and extends consideration to his cult of personality.

In reverential prose, Mr. Standnyuk absolves Stalin of mistakes in ignoring his own intelligence reports about an impending Nazi attack in 1941 and blames the disastrous losses of the first days of the war mainly on General D.G. Pavlov, commander of the western Ukrainian front. General Pavlov was shot as a traitor during the first month of the invasion.

Mr. Standnyuk's book was assailed upon publication as containing "political" mistakes as well as "arbitrarily violating the principles of historical objectivity."

Since Mr. Andropov took power last year, the authorities have gradually sought to restore various former "nonpersons" in historical accounts. Earlier this year, Khrushchev's name was mentioned approvingly for the first time since his removal in 1964. This mention acknowledged his role in the Battle of Stalingrad.

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Kohl Defends Missile Policy As Thousands Demonstrate

By Henry Tanner
International Herald Tribune

BONN — Chancellor Helmut Kohl on Monday confirmed and justified before a divided West German parliament his government's determination to go through with the deployment of the first U.S. Pershing-2 missiles on German soil next month.

Groups of anti-war militants demonstrated Monday around the chancellery and parliament buildings. Police intervened with water cannon and reportedly detained about 130 people.

In his policy statement, Mr. Kohl declared that West Germany would stand by the North Atlantic Treaty Organization's decision for deployment because "the balance of power in Europe" is at stake, as are the questions of whether West Germany could be trusted by its allies and whether the NATO alliance will continue to be able to guarantee peace and freedom in Western Europe.

Mr. Kohl said the Soviet Union must not be permitted to determine the destiny of Western Europe because of its hundreds of unopposed SS-20 missiles aimed at European cities. West Germany and the rest of Europe could not live in security and independence as long as the Soviet threat remained unopposed, he said, in explaining his government's policy.

Hans-Jochen Vogel, the speaker for the Social Democrats, the country's second largest party, followed Mr. Kohl on the rostrum. He told the assembly that his party had reached its new position, condemning the deployment, after a long internal debate and soul-searching.

He declared that the party's opposition to deployment did not in any way lessen its commitment to the Western alliance and to the democratic political system of the West. The party was as ready as ever to "maintain, protect and, if necessary, defend" the alliance, he said.

The alliance required continuous debate on its basic concepts, Mr. Vogel said, and he charged that Mr. Kohl, instead of making West Germany's voice felt in Washington, had reduced his government's role to that of a "vassal" of the United States.

Mr. Vogel accused the government of being blind to the fact that millions of men and women no longer accepted the "madness" of the nuclear arms race.

He made it clear that his own party's position, a reversal of long-standing policy, was to a large extent a response to anti-war demonstrations organized in recent months by the West German peace movement, which he called "one of the broadest and most committed present-day movements" not only there but also in other countries.

Several thousand demonstrators were massed all day at intersections leading to the complex of buildings in Bonn's Tulpenfeld, where the parliament and the chancellery are situated. Police had erected portable steel barricades around the area.

The mood varied from place to place and moment to moment. Most of the time, the demonstrators were lively but smiling and police were relaxed and often bareheaded. At other times, the demonstrators threatened to surge forward, and police donned their visored helmets, picked up their shields and formed tight rows to block the street.

The most serious clashes occurred early in the morning, when hundreds of demonstrators tried to prevent members from reaching parliament by blocking access roads. Police cleared the streets using water cannon as demonstrators hurled rocks and bags of ink. Several persons on both sides were reported slightly injured.

Debate in the Bundestag lasted into night, and the demonstrators marched through the streets carrying torches.

In the Bundestag, Otto Schily, the speaker for the Greens party of peace and civil rights activists, also spoke up against the deployment of the missiles and called for the "neue" (Continued on Page 2, Col. 1)



Abu Yusef, leader of the Palestinian rebels who are attacking Tripoli, is seen here with other fighters. They are in the process of taking over the city of Tripoli, Lebanon, after a period of conflict.

Jaruzelski to Gain Power With New Defense Panel

Warsaw — The Polish parliament on Monday approved the creation of a national defense committee to be headed by General Wojciech Jaruzelski, the nation's leader. The action gives him even broader powers to meet any challenge to Communist rule.

The creation of the committee, after a unanimous vote in the Sejm, was one of several recent moves by the government to respond to the country's economic crisis and political opposition.

Its approval coincided with a declaration by the banned Solidarity trade union, signed by its former chairman, Lech Walesa, that it would fight planned increases in food prices.

Informed sources said General Jaruzelski's powers would be strengthened enormously through his leadership of the defense committee.

The panel, whose other members are to be elected Tuesday, will have the sole right to declare war or a state of emergency.

The chairmanship of the committee will enable the Polish leader to act immediately to contain any threat to Communist Party supremacy.

A previous committee known by the same Polish initials, KOK, had more limited powers.

Parliamentary sources said that General Jaruzelski intended to honor a promise to give up the Defense Ministry when an expected government reshuffle is announced Tuesday.

But they said that as chairman of the new defense committee he will remain supreme commander of the armed forces.

The new defense minister is expected to be General Florian Siwicki, who commanded Polish forces during the Warsaw Pact intervention in Czechoslovakia in 1968, the sources said.

The parliamentary sources said General Jaruzelski planned other ministerial changes to bolster the response to the economic crisis.

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Kennedy's Place in History: After 20 Years, Debate Continues

By Walter Goodman
New York Times Service

NEW YORK — A poll of 1,000 historians ranks John F. Kennedy 13th among the 39 men who have been American presidents, between James K. Polk and James Madison. Despite that academic exercise, 20 years after his death Kennedy's place in history remains unsettled and controversial.

Since Kennedy's death, the issue has occupied mainly academics, whose scholarship often betrays a political bias. The terms of the argument have not varied much through the years, but the fervor has increased and diminished with the current of events.

The poll that ranked Kennedy 13th was taken by Professor Robert K. Murray of Pennsylvania State University, who questioned 1,000 holders of the doctoral degree in history. Lincoln was rated first and Franklin D. Roosevelt second.

The treatment of Kennedy has ranged from near-idolatry to near-defamation. Close associates, including Theodore C. Sorensen, who had been Kennedy's special counsel, Pierre Salinger, his press secretary, and especially Arthur M. Schlesinger Jr., a special assistant, tried to conquer posterity with what now appear to have been pre-emptive strikes.

Mr. Schlesinger completed his book, "A Thousand Days: John F. Kennedy in the White House," less than 500 days after the assassination on Nov. 22, 1963.

Although he cautioned readers "this work is not a comprehensive history of the Kennedy presidency," the author's credentials — professor of history at Harvard, winner of the

Pulitzer Prize for "The Age of Jackson" — made it certain that his "personal memoir" would stand as the target at which later historians would take aim.

In all assessments, once the historian gets past the man's style, the main focus is on a handful of events: the Bay of Pigs and the Cuban missile crisis; the tension over Berlin and the beginning involvement in Vietnam; the civil rights upsurge in the South.

No action has been more debated than the invasion of Cuba in the spring of 1961, planned by the Central Intelligence Agency and carried to its lamentable conclusion by Cuban émigrés. Mr. Schlesinger called it Kennedy's "Cuban inheritance," thus shunting responsibility onto the Eisenhower administration.

Mr. Schlesinger's prose rose when he came to the 1962 Cuban missile crisis, which ended with the Soviet Union backing down from confrontation with the United States and removing missiles from Cuba. By then, he wrote, the president was firmly in charge and "saw more penetratingly into the mists and terrors of the future than anyone else."

Mr. Schlesinger conceded that the administration did suffer a "great failure in foreign policy" — the buildup of U.S. troops in Vietnam. Here, too, however, he found a reason: The president "had never given it his full attention" and had relied too heavily on his secretary of defense, Robert S. McNamara. Mr. Schlesinger took comfort from Kennedy's expressed intention to withdraw from Vietnam after the 1964 election.

Some find a different message in "The Best and the Brightest," David Halberstam's highly critical book about

the men who carried the United States into Vietnam. Mr. Halberstam, like Mr. Schlesinger, placed much of the blame on Mr. McNamara, but he did not absolve the president.

"Although he seriously questioned the wisdom of a combat commitment, and at the end had grave doubts about the viability of the counterinsurgency program, whether we should be there at all, he had never shown those doubts in public. In this most crucial area the record was largely one of timidity."

Mr. Schlesinger gave much higher marks to Kennedy for his stand in 1961 against Soviet efforts to drive the Allied powers out of Berlin. He also commended Kennedy's initiatives to reach agreement with the Soviet Union on nuclear testing and other steps toward reducing world tension.

Mr. Schlesinger praised the administration for its domestic accomplishments, especially in drawing up, after a slow start, "the best civil rights bill in American history."

The most recent attempt to scrape away at the Kennedy presidency is Garry Wills' "The Kennedy Imprisonment," published last year. As the subtitle, "A Meditation on Power," hinted, it was not meant as straight history. It is a psychohistory of the Kennedy clan with a generous helping of surmise, and it brings together the main counts in the anti-Kennedy indictment.

Mr. Wills, the Henry R. Luce professor of American culture and public policy at Northwestern University in Evanston, Illinois, and the author of several other provocative interpretations of American history, was not the first to

(Continued on Page 2, Col. 5)



An audience at All Souls Unitarian Church in Kansas City looking on in troubled silence during the television movie, "The Day After," about the consequences of nuclear war.

Schmidt Rejects Another Term

AMSTERDAM — Helmut Schmidt, the former West German chancellor who is now deputy chairman of the Social Democratic Party, said in an interview published Monday that he will not run for Parliament after the present session.

The Rotterdam newspaper Algemeen Dagblad quoted Mr. Schmidt, 64, as saying that he was too old to run for Parliament in a new government session or for any leading position within the Social Democratic Party. Mr. Schmidt, one of the few West German Social Democrats in favor of deploying U.S. medium-range missiles in Western Europe, also said that he saw little possibility of the party coming into government again.

Long Gap Reportedly Will Separate U.S. Missile Deployments in Europe

By Walter Pincus
Washington Post Service

WASHINGTON — There will be a nine-month gap between the first operational deployment next month of new U.S. medium-range nuclear missiles in Western Europe, and the second round, which is scheduled for September, according to U.S. government and European diplomatic sources.

This delay between the initial 41 missiles, nine Pershing-2s and 32 ground-launched cruise missiles, and the second round of deployments was built into the original NATO schedule and "driven by technical reasons," a Pentagon

source said last week. He said the causes were the relatively slow production schedules for the two missiles and the large amount of construction associated with the cruise deployments.

But with deployments expected to go ahead on schedule, after approval by the West German Bundestag Tuesday, the North Atlantic Treaty Organization allies have not reached common agreement on what is going to happen and how to proceed during the months that follow, and before the second round of missiles arrives.

Most government officials and diplomats interviewed over the past few weeks believe the Russians

will follow through on their threats to close down the Geneva talks on intermediate-range missiles when the Pershing-2s arrive in West Germany in the next two weeks or after they are announced as operational by Dec. 15, as currently planned.

That would pave the way to merge those discussions with the negotiations on strategic arms reductions (START), which also are under way in Geneva. But several key officials in the Reagan administration oppose such a merger. "We don't want to have the Europeans having a say in our strategic weapons decisions," was the way one Pentagon official put the opposition.

Right now, there is even a difference on what, if anything, should be done during the nine-month gap between deployments.

The delay will offer "the first real opportunity to see if the Soviets want to negotiate," one diplomat involved in the NATO strategy said last week. He, along with many top Reagan administration officials, have consistently said that the Russians would not negotiate seriously on limiting the medium-range missiles in Europe until the first Pershing-2 and cruise missiles were installed.

Many of these officials believe the Russians will come back to the bargaining table within a few months.

Some West European leaders, responding to the political unease in their countries, have privately been pressing Washington officials to continue and because a refusal would raise doubts about West Germany's reliability and be disastrous for the alliance.

On the other hand, he declared, he opposed the government's policy as stated by Mr. Kohl because the chancellor had failed to act forcefully to defend West Germany's interests in Washington and Moscow and because it was not true, as Mr. Kohl had claimed, that the United States had made sufficient efforts to bring about an agreement in the Geneva talks on arms control.

Washington as well as Moscow were to blame for the deadlock there, he asserted.

Mr. Schmidt expressed the same ideas, and often the same words that he had used in addressing the Social Democratic Party congress Saturday in Cologne, where he was overwhelmingly outvoted.

The attention he commanded in the Bundestag Monday, the authority with which he dealt with the complicated technical details and the history of East-West military and economic relations, made it clear that he expects to continue his role as influential elder statesman even though he has lost control over his party.

Kohl Defends Missiles As Thousands Protest

(Continued from Page 1)

tralization" of Central Europe, apparently meaning both West and East Germany. He appealed to the Soviet Union as well as to the Western allies to permit such a development.

Mr. Kohl is virtually assured of victory in the vote that will conclude the debate on Tuesday. His coalition of Christian Democrats and Free Democrats has a solid majority in the Bundestag.

A note of drama was injected into the debate in the afternoon when Helmut Schmidt, the former Social Democratic chancellor,

stepped to the rostrum to explain why he is at odds with his own party on the basic question of deployment but will refuse to vote for the government's policy.

Mr. Schmidt was frequently and sharply heckled by Mr. Kohl's supporters and won generous applause from the opposition benches.

He argued, on the one hand, that West Germany must be ready to carry out NATO's decision of 1979 and deploy the new missiles because the present nuclear imbalance in Europe must not be permitted to continue and because a refusal would raise doubts about West Germany's reliability and be disastrous for the alliance.

On the other hand, he declared, he opposed the government's policy as stated by Mr. Kohl because the chancellor had failed to act forcefully to defend West Germany's interests in Washington and Moscow and because it was not true, as Mr. Kohl had claimed, that the United States had made sufficient efforts to bring about an agreement in the Geneva talks on arms control.

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Two mounted policemen patrol outside as a soldier walks between masses of barbed wire that form the newly strengthened 9-mile perimeter fence of the U.S. air base located at Greenham Common, England, where U.S. cruise missiles are being deployed.

'Day After' Fallout Registers in U.S.

(Continued from Page 1)

Shultz said, arguing in favor of the administration's policy of "balance and deterrence." He emphasized President Ronald Reagan's efforts to reduce nuclear arms through talks with the Soviet Union.

Viewers jammed White House telephones after the broadcast, and one White House operator said Sunday that calls were coming in so fast they could not be talked until Monday. By the time the film ended in the East, ABC headquarters in New York had received more than 1,000 telephone calls, according to an ABC spokesman.

Even before it was aired, the ABC production assumed dimensions of a rare national phenomenon — part show biz, part political catalyst, part national group-therapy session.

The effects spilled over into presidential politics and may reintegrate the nuclear freeze movement. It disturbed White House officials, who feared a wave of sentiment against deployment of nuclear missiles in Europe and the U.S. policy of mutual deterrence.

"The Day After" also raised questions among psychiatrists and educators. The National Education Association issued its first television advisory to parents.

Generally, the consensus advice was that issued by the American Academy of Pediatrics, which recommended that no one watch alone.

Across the United States, there were hundreds, perhaps thousands, of "viewing parties."

At Oakwood School in Poughkeepsie, New York, four students watched the program in the apartment of their faculty adviser.

"When the bomb went off, some of the students leaned away from the screen," said Seth Cooper, a sophomore. "Others curled into a fetal position. There was disbelief."

Silence fell across the crowd of more than 1,000 watching the movie at Riverside Church in New York City when the bomb hit Kansas City. No one in the church's underground auditorium spoke.

There were sobs. On the steps outside the church, Victor Becker, 65, buried his head in his hands. "I dreamt of that sort of thing happening. It makes me sick," he said.

"My whole body has to calm down. My whole heart is racing. I'm sweating," said Laurie Thompson, 27, a hairdresser who attended the Riverside viewing. "I felt a lot of hopelessness, hopeless feelings that it's going to happen."

By all signs, the broadcast was just the beginning. The 20,000 doctors belonging to Physicians for Social Responsibility were asked to clear their schedules Monday to handle affected viewers. In some communities "despair workshops" with psychological counseling were scheduled.

The nuclear freeze forces, demoralized in recent months after the shooting down of a South Korean jetliner by the Russians and by events in Lebanon and Grenada, seized upon the movie as a means of giving new life to their movement.

Soviet Claims U.S. Withdrew Offer

The Associated Press

MOSCOW — The Soviet Union on Monday accused the United States of making overtures for a settlement that were later withdrawn at the Geneva talks on limiting nuclear weapons in Europe.

Tass news agency said that "some time ago" Paul H. Nitze, head of the U.S. delegation at the Geneva talks, "unofficially stated" to his Soviet counterpart, Yuri A. Kvitinsky, an offer seen as a possible compromise agreement at the stalemate talks.

As reported by Tass, Mr. Nitze's words seemed "an acceptable foundation for a compromise solution" whereby Washington would forego planned deployment of 572 Pershing-2 and cruise missiles by NATO in exchange for a reduction by the Soviet Union of its SS-20 missile force to the level of the 162 missiles operated by Britain and France.

Far from halting the Cuban missile crisis as a triumph, Mr. Wills called it "reckless." And he charged that the "success" of the Cuban adventure set the course for catastrophe: "The lessons of power, the men of power, the examples of power he left behind gave us the war in Vietnam."

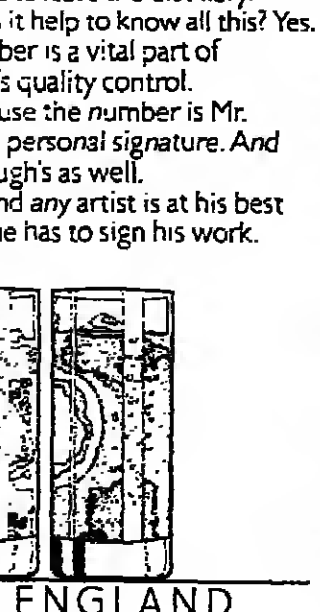
Mr. Wills' interpretation receives a C-minus from Graham Allison, dean of the John F. Kennedy School at Harvard, who did a study of the missile crisis in 1971. Mr. Allison regards its handling as "one of the most effective and subtle instances of crisis management by a president."

On the home front, Mr. Wills argued, the Kennedy administration's attempt to call off the freedom rides and to stop the 1962 march on Washington reflected "the president's insensitivity to black problems."

The Kennedy administration has also been flayed from the right. "JFK: The Man and the Myth," a book by Victor Lasky published before the assassination, was an anthology of the right's objections to the president whose reputation, its author charged, was being pretified by liberal media-managers and myth-makers.

While some on the left would later condemn Kennedy as a prototypical cold warrior, he was portrayed as insufficiently aggressive. Mr. Lasky faulted Kennedy for going forward with the Bay of Pigs but for refusing to provide the needed air cover.

The latest history of the Kenne-



THE GIN OF ENGLAND

WORLD BRIEFS

UNESCO Approves Education Plans

PARIS (AP) — The UNESCO General Conference approved Monday three programs for 1984-85 aimed at improving education throughout the world, with a major target to halt or reverse by the end of the decade "the current trend toward an increase in illiteracy."

Negotiations were continuing in private at the conference, which is the highest decision-making body of the United Nations Educational, Scientific and Cultural Organization, on a proposed resolution to prepare a "code for the conduct of transnational corporations" working in education, science, culture and communications.

A special negotiating group was also trying to resolve spending questions following a \$12-million budget reduction approved last week.

27 Protestants Quit Ulster Assembly

BELFAST (AP) — Outraged by the machine-gunning Sunday at a church service, all 27 members of the Protestant Official Unionist Party quit the Northern Ireland Assembly on Monday and vowed to form vigilante groups to fight what they called Roman Catholic terrorism.

In London, the secretary for Northern Ireland, James Prior, appealed to Protestants not to retaliate for the shooting, in which three church members were killed and seven persons were seriously wounded. "Don't take the law in your own hands," he said in the House of Commons. But the hard-line Protestant leader, the Rev. Ian Paisley, announced plans to reform his armed "Third Force" vigilante group, which has been inactive in recent years.

Political leaders in Dublin, Belfast and London expressed revulsion over the shooting at the Mountain Lodge Pentecostal Church in Derry, County Armagh, near the border with the Irish Republic. A previously unknown group, the Catholic Action Force, issued a statement saying that it had carried out the attack.

Trudeau Meets Soviet Official in Tokyo

TOKYO (Reuters) — Prime Minister Pierre Elliott Trudeau of Canada, on a global peace mission, had a secret meeting in Tokyo with a senior Soviet official, a Canadian Embassy spokesman said Monday.

He said no embassy official was at Saturday's meeting and he had no details of the talks between the Canadian leader and Georgi A. Arbatov, a Kremlin specialist in North American affairs.

Mr. Trudeau stopped in Tokyo over the weekend on his way to the Commonwealth conference in New Delhi. He briefed the Japanese prime minister, Yasuhiro Nakasone, on his drive to halt the global arms race and divert arms spending to international economic development. He took his disarmament initiative to Europe earlier this month and is expected to outline his plans in a speech at the Commonwealth meeting.

Biggest Tax Fraud in U.S. Is Alleged

NEW YORK (AP) — Five businessmen were indicted Monday on charges of conspiring to defraud the Internal Revenue Service by setting up more than \$130 million in false income tax deductions for scores of executives and celebrities. U.S. Attorney Rudolph Giuliani called it "the most substantial tax fraud ever criminally charged."

Mr. Giuliani said there was no evidence that the celebrities, who included Sidney Poitier, the actor, and Norman Lear, the television producer, were involved in criminal wrongdoing. The defendants are Michael M. Saut, 44, and his brother, David Saut, 40, both of New York; Walter Orchard, 35, of Somers, New York; Joseph Antonicci, of Irvine, California, and Frank Susi, 32, of Stamford, Connecticut.

The 63-count indictment alleges that the defendants operated two securities houses, Sentinel Financial Instruments and Sentinel Government Securities, in New York that traded fraudulently in U.S. Treasury securities. Mr. Giuliani said the tax fraud scheme was larger than one alleged last September against the commodities trader Marc Rich.

\$6-Million Award in Arthritis Drug Suit

COLUMBUS, Georgia (AP) — A U.S. jury awarded \$6 million Monday to a man who said his mother died because she took the arthritis drug Orfalex.

Clarence Borom of Waverly Hall had filed a wrongful death suit for \$100 million against Eli Lilly and Co., the maker of Orfalex, contending the Indianapolis-based company was responsible for the death of his mother, Lola T. Jones, 81, in July last year.

Mr. Borom's suit claimed Lilly failed to report overseas deaths linked to the drug before it was approved in April 1982 for use in the United States. Lilly first marketed Orfalex in the United States in May 1982, two years after it was introduced in Europe. The drug was withdrawn from sale on all markets in August 1982. John Schaefer, representing Lilly, argued that Mr. Borom's lawyers had failed to prove Mrs. Jones's death was caused by liver and kidney problems associated with Orfalex.

2 Afrikaners Are Convicted of Treason

JOHANNESBURG (AP) — Carl Niehaus, 23, and his fiancée, Johanna Lourens, 23, both members of the dominant Afrikaner group, were found guilty Monday of high treason after a judge ruled that they had worked for a banned black nationalist guerrilla movement.

High treason can carry the death penalty, but a lesser sentence is predicted because neither defendant was involved in violence. Sentencing is expected in a day or two. Mr. Niehaus was also convicted of two other counts under the white-minority government's Internal Security Act, but Miss Lourens was acquitted of those charges.

Justice A.P. Mbuyuth of the Rand Supreme Court ruled that Mr. Niehaus had been a member of the banned African National Congress and had worked to further its aims of overthrowing the government. He decided that Miss Lourens was not a member but actively supported the organization and was guilty of treason because she did not report Mr. Niehaus's illegal activities. Treason cases against whites are rare and against Afrikaners, mainly of Dutch descent, even rarer.

Nujoma to See Commonwealth Leaders

NEW DELHI (AP) — Sam Nujoma, the leader of guerrillas fighting South African forces in South-West Africa, or Namibia, is to arrive Tuesday to press his case during this week's Commonwealth summit. Indian officials announced Monday.

The presence at the summit of Mr. Nujoma, leader of the South-West African Peoples Organization, is said to underline the increasing impotence with the U.S. position on Namibia by the mainly African, Asian and West Indian nations at the summit. The United States has backed South Africa's demand that Cuban troops withdraw from Angola before it will allow UN-supervised elections in the territory.

The head of the Indian External Affairs Ministry, M.K. Rasgotra, said that the effect of linkage of the Cuban troops to Namibian independence "is to perpetuate the bondage of Namibia. It is an intolerable situation." He said Mr. Nujoma would not attend conference sessions but would meet heads of government individually.

Italy's Christian Democrats Slip in Vote

ROME (AP) — The Christian Democratic Party declined slightly in Sunday's provincial election in the northern region of Trentino-Alto Adige, final returns showed Monday. The principal local party, the moderate South Tyrol People's Party, and the neo-Fascist Italian Social Movement and the small Republican Party had small gains.

The Christian Democrats polled 27 percent of the vote, compared with 27.6 percent in the June national elections and 30.4 percent in the last regional election in 1978. The Communist Party also lost support, polling 8.3 percent, compared with 11.1 percent in June and 8.9 percent in 1978.

Prime Minister Bettino Craxi's Socialist Party had 6.7 percent of the vote, little changed from 6.8 percent in June and 6.5 percent in 1978. The South Tyrol People's Party polled 33.7 percent of the regional vote, an increase from 32.4 percent in June and 29.8 percent in 1978. It had faced competition from a new group demanding more self-determination for the German-speaking majority in the province, the Electoral Alliance for a Homeland, which got 2.4 percent of the vote.

Korchnoi Leads World Chess Semifinal

LONDON (AP) — The Soviet defector, Viktor Korchnoi, playing quick moves, defeated Gary Kasparov, 20, of the Soviet Union Monday night in the first game of the world chess championship semifinals.

Mr. Kasparov resigned after Mr. Korchnoi's 52d move. Mr. Kasparov was the favorite in the pre-game betting to defeat Mr. Korchnoi, 52, in the bid to challenge the world chess champion, Anatoli Karpov of the Soviet Union, next year.

The win put Mr. Korchnoi, who is making his seventh bid to become world champion, 1-0 up in the series of 12 games over the next month. The next game is Wednesday. The eventual winner will be the first to score 6½ points, with one point awarded for a win and a half point for a draw.

For the Record

A three-day conference of prospective donors from about 26 countries was opened Monday by the president of Djibouti, Hassan Gouled Aptidon, in an effort to seek about \$310 million in foreign aid through 1988. (AP)

President Vigdis Finnbogadóttir of Iceland arrived in Lisbon Monday on a four-day visit to Portugal. (Reuters)

Liberta's head of state, General Samuel K. Doe, said on radio Monday that several officials in his military government have been arrested for trying to overthrow him. (UPI)

THE WHOLE WORLD OF AEROSPACE TAKES ITS DIRECTION-AND ITS DIRECTORIES-FROM FLIGHT

Flight International is the leading journal for aerospace professionals everywhere. Published in London, with a global network of correspondents and a globe-travelling team of experts, it reports and analyses new developments in air transport, defence, business and light aviation, spaceflight, avionics, industry and technology world-wide.

Flight International is equally famous for its unique series of international directories, appearing in its pages on fourteen occasions every year. They provide comprehensive, reliable and up-to-date reference material across the entire spectrum of aerospace today.

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THE GIN OF ENGLAND

The Bad News for Glenn Put Him on the Offensive

Polling Results Prompted His Advisers To Cast Mondale as the Greater Liberal

By Martin Schram
Washington Post Service

WASHINGTON — The message-makers and maneuverers of Senator John Glenn's campaign started in disarray at the bad news. In this month of glacial over-the-right stuff, the news about Mr. Glenn and other early entrants in the race for the White House was suddenly the main on the rocks. A Los Angeles Times Gallup Poll survey published Nov. 9 showed that Mr. Mondale had taken a huge lead over Mr. Glenn and the six other Democratic candidates in the nation's 10 largest states.

Mr. Glenn's strategists studied the results: Mr. Mondale's lead over Mr. Glenn ranged from a whopping 35 points in North Carolina to a comfortable 20 points in Florida. Mr. Glenn led only in his home state, Ohio, and there his margin was just 14 points.

"We were shocked," said Mr. Glenn's pollster, William R. Hamilton.

Meetings were convened, Gallup's polling was dissected, and Mr. Glenn's own polling was listened to. The advisers pondered.

Three days later, the Glenn campaign had a new strategy. After 15 months of trying to define himself by extolling the value of education and research and microchips, Mr. Glenn would begin defining Mr. Mondale.

And so he began pointedly attacking Mr. Mondale's record as soft on military spending and extravagant on domestic spending.

At Mondale headquarters, meanwhile, advisers were faced with decisions on how to react. But content with their lead, they decided to keep to their strategy.

Mr. Glenn's advisers, in the two days of meetings that produced the new strategy, found some comfort in their analysis of the Gallup Poll. The Gallup organization had surveyed registered voters who consider themselves Democrats, and that, according to Mr. Hamilton, the pollster, was good news for Mr. Glenn. Many people who vote in Democratic primaries consider themselves independents, he said, and they represent the greatest potential for Mr. Glenn.

Mr. Hamilton said his polls, which included a sampling of persons likely to vote in Democratic contests in 1984, painted a picture that was not as bleak as the Gallup figures, but still far from good for the Glenn campaign.

In four of five key states where early primaries and caucuses are scheduled — Iowa, New Hampshire, Florida and Georgia — Mr. Hamilton's surveys showed that Mr. Mondale had leads that were significant, but smaller than those reported by Gallup. In Alabama, Mr. Glenn had a slight lead over Mr. Mondale and had gained a bit in recent weeks.

Mr. Hamilton's polls showed that in Iowa, New Hampshire and Georgia, Mr. Mondale's margin

NEWS ANALYSIS

was due less to his gains than to slippage by Mr. Glenn. In Florida, Mr. Mondale's margin was attributed to a drop by that state's former governor, Reubin Askew.

Mr. Hamilton said his surveys also indicated what was wrong with the Glenn campaign.

"He had asked the likely Democratic primary and caucus voters to choose between two types of presidents — one who took 'moderate to liberal' positions on several issues, and another whose views were 'moderate to conservative'."

A decisive majority in New Hampshire, Alabama, Georgia and Florida chose the latter. In Iowa, respondents were evenly divided.

But when potential voters were asked to choose among the Democratic candidates running for president, Mr. Mondale wound up with a large portion of those who had picked the more conservative type of president. He was supported by almost as many of them as Mr. Glenn was.

The Glenn strategists concluded that Mr. Glenn must not only define himself more fully, he must define Mr. Mondale as being more liberal than are most Democrats who vote in primary elections.

The conclusions of the Glenn strategists on the nature of Democratic voters are supported by statistics in the coming issue of Public Opinion magazine. In a roundup of survey data on Democratic voters, the magazine reports that:

• When asked if they would favor an amendment requiring a balanced federal budget, 66 percent said yes.

• Asked if they believed the United States should be more forceful with the Soviet Union even if it increases the risk of war, 55 percent said yes.

• Asked if they thought courts are not harsh enough with criminals, 48 percent said yes.

• Asked if they favored allowing voluntary prayer in public schools, 79 percent said yes.

Mr. Mondale's acting campaign manager, James A. Johnson, says that Mr. Mondale's positions are "well in tune with the American people and the Democratic Party."

And so, last week, Mr. Mondale and his inner circle did not change strategy, but they did modify their tactics as they worked to find the best way to get their message to the public, while seeing to it that Mr. Glenn's attacks did not go unanswered.

Mr. Mondale himself responded to Mr. Glenn's first attack on defense policy. But the next day, when Mr. Glenn criticized Mr. Mondale on domestic spending, Mr. Mondale had his advisers respond.

Afterward, both candidates pronounced themselves pleased with the turn the battle had taken.

Mr. Mondale observed, "The differences are out there now for the people to see — and that's fine with me."

And Mr. Glenn said, "It does feel good," while adding, "I felt things were presented unfairly against me earlier."

Officials in the Office of Management and Budget contend that sharing the information, which now is prohibited by law, would improve efficiency by reducing the cost of making surveys and eliminating overlapping studies undertaken by different agencies.

The officials said that a provision in the draft legislation prohibiting the use of such information for national security, administrative, or law enforcement purposes would improve the protection surrounding government statistical files.

But officials in both the Census Bureau and the Internal Revenue Service are fighting the administration's proposal. They argue that any tinkering with the law might undermine the willingness of the American people to fill out census forms on what is essentially a voluntary basis and file their tax forms.

C.L. Kincannon, deputy director of the Census Bureau, also argues that sharing information more widely would increase the risk that it might be misused. "Why should we weaken the protection surrounding Census Bureau information?" he asked.

The Census Bureau conducts the national census every 10 years and does hundreds of specialized surveys on such subjects as unemployment and crime. Other statistical agencies believe that, if they could have access to parts of this information, such as the names and addresses of all individual households and businesses, it would enable them to conduct their separate studies more cheaply. Such sharing is not currently permitted.

Most recent versions of the administration's proposal, which has not yet been sent to Congress, have two major provisions. First, law enforcement, national security and regulatory agencies would be forbidden to use information about an individual that has been collected for statistical purposes.

Roughly parallel laws now protect data collected by the Census Bureau and the National Center for Health Statistics. But experts in the budget office said the statutory prohibitions are not so clear for agencies in the Labor and Agriculture Departments and the Social Security Administration.

Washington Post Service

WASHINGTON — The Reagan administration has drafted a plan to share the personal information it collects about the American people with a number of government agencies.

In most versions of the bill, information that all Americans are required by law to provide the Census Bureau would be shared with all agencies declared to be "protected statistical centers." In at least one version, some information collected by the Internal Revenue Service would also be available to these agencies.

"Development of the legislation is forging ahead," said Dorothy Telle, the chief U.S. statistician. She said the legislation was in line with the views of "a conservative administration that has been trying to reduce the infringement of government into the lives of the American people."

Underlying the worry in some agencies about the administration proposal, according to several officials, are concerns of bureaucratic turf. The Census Bureau and the Internal Revenue Service control data that enhance their power throughout the government.

The Census Bureau's reservations about the proposed legislation have been heightened by recent events in Western Europe, where public protests about the potential misuse of computerized data have forced both Bonn and Amsterdam to call off census takers.

William P. Butz, an assistant director of the Census Bureau, said he found both parallels and differences when he visited West Germany recently on a study trip. He noted, for example, that under the present law in both the United States and West Germany, government agencies did not have legal access to census data connected with names.

But under the Reagan administration proposal, he said, "the situation would change radically."

In West Germany, Mr. Butz reported, after more than 1,000 lawsuits had been brought against the census, the Constitutional Court decided last April to postpone it until constitutional questions had been decided.

He said the protests of West Germans did not seem to have been mitigated by what he called "the complete historical absence of government abuse of census data since World War II."

In the United States, individual census files were used in World War I to track down draft resisters. And at the start of World War II, a special census tabulation was used by the army to incarcerate 112,000 Japanese-Americans.

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Nimeiri, at White House, Says Israel Is Problem

Compiled by Our Staff From Dispatches

WASHINGTON — President Ronald Reagan and President Gaafar Nimeiri of Sudan agreed Monday that Libya poses a threat to African countries, but General Nimeiri asserted that Israel is the problem in the Middle East.

"Israel remains the cause of the problem in the Middle East," General Nimeiri said in a statement at the diplomatic entrance of the White House.

As General Nimeiri arrived at the White House, government troops in Sudan were put on alert to guard against activity by rebels said to be backed by Libya and Ethiopia.

In his statement, General Nimeiri said he was "very concerned about the destabilizing policies presented by Libya and its intervention in the internal affairs of other countries," including moves "undermining the unity of Chad."

He also urged the Soviet Union to assist in the Middle East peace process. The Reagan administration opposes any involvement of Moscow in Middle East peace talks.

General Nimeiri arrived Saturday for a weeklong visit that includes talks with Mr. Reagan and

other top U.S. officials on economic and security matters.

General Nimeiri faces continued difficulty in bringing his country out of what U.S. officials said was an economic abyss. The United States is providing \$200 million a year for economic reform there.

In Khartoum, Mustafa al-Bashir, state minister for foreign affairs, announced that the armed forces had been put on alert. He accused Ethiopia and Libya of backing Sudanese rebels who captured 11 foreigners last week.

(AP, UP)

Accusation From Ethiopia

Ethiopia on Monday accused Sudan of provocation in charging that Ethiopia was missing troops for an attack. Reuters reported from Addis Ababa. Khartoum on Sunday had accused Ethiopia of concentrating its forces on the Sudanese frontier for an attack.

Transport Strike in Peru

LIMA — Public transport in Peru grounded to a halt Monday when bus and truck owners began an indefinite strike for tax concessions.

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WRECK OF THE BLUE MAGPIE — The 350-foot Blue Magpie, a Panamanian-registered vessel, crashed into a jetty at the entrance to Yaquina Bay, Oregon, during the weekend and broke up. The ship had been trying to escape a storm. A U.S. Coast Guard helicopter later rescued the 19 South Korean crew members.

U.S. Plan Would Require Sharing of Census Data

By David Burnham
New York Times Service

WASHINGTON — The Reagan administration has drafted a plan to share the personal information it collects about the American people with a number of government agencies.

Officials in the Office of Management and Budget contend that sharing the information, which now is prohibited by law, would improve efficiency by reducing the cost of making surveys and eliminating overlapping studies undertaken by different agencies.

The officials said that a provision in the draft legislation prohibiting the use of such information for national security, administrative, or law enforcement purposes would improve the protection surrounding government statistical files.

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Aramco Fires U.S. Pressed Its Message 3 Americans; Others Jailed

Firings Allegedly Tied To Press Interviews

By Jack Nelson
Los Angeles Times Service

WASHINGTON — The Reagan administration arranged for foreign journalists to travel to Grenada and Central America at U.S. expense, as part of a wide-ranging public relations campaign to promote its foreign and domestic policies and offset what it sees as "biased reporting" in the American press.

The U.S. Information Agency, headed by Charles Z. Wick, a Californian and a close friend of President Ronald Reagan, financed the trips and made other arrangements for the journalists, including interviews with U.S. authorities and officials of the countries visited.

The agency has never before paid for such trips, but Mr. Wick said that it would continue to do so because they help get the government's message across in countries where there has been criticism of U.S. policies.

He believes that the agency's public relations campaign has helped convince skeptics that the invasion of Grenada was "legal and justified." Coverage by the foreign journalists, he said, helps offset "biased reporting" in the U.S. media.

"We have been at the mercy of responsible and what we might call nonresponsible reporting with a deep bias that doesn't serve American interests," he said.

Mr. Wick also confirmed that the information agency no longer refers to the U.S. military action in Grenada as an invasion, calling it instead a rescue mission.

President Reagan originally called it an invasion but later insisted it was a rescue mission to free Americans who, he contended, were in danger of being taken hostage.

Mr. Wick said, "There is an overwhelming prejudice in utilizing 'invasion' and other terms that are pejorative."

Those who use it are putting our society in jeopardy. It was not an oppressive incursion upon an unwilling population. We went in to free people; the Soviets went into Afghanistan to enslave people."

The 22 journalists who made the two trips came mostly from Europe, where criticism of the Grenada invasion has been heavy and skepticism has been expressed about U.S. policies in Central America.

The administration's public relations campaign, aimed not only at promoting Mr. Reagan's policies but also at improving his image as he prepares to seek re-election next year, is being waged at home by the White House.

Judging by news coverage and public opinion polls, the campaign has been effective.

The administration has dominated news coverage since the invasion, first by flooding television news and talk shows with administration officials defending the action, then with a presidential trip to Japan and South Korea that was planned for maximum television coverage.

Mr. Reagan first appeared on television in a brief press conference Oct. 25, the day troops landed in Grenada. Two days later he delivered a major address defending his policies in Lebanon and Grenada.

A White House poll-taker, Richard B. Wirthlin, said Mr. Reagan's speech "had more impact than any speech he has made since taking office."

The United States Information Agency's campaign also is paying off with favorable coverage in the foreign press, according to Mr. Wick.

The agency paid the \$357 round-trip air fare for each of 10 foreign journalists who left Washington for Grenada on Nov. 14 and returned Nov. 17.

[Among newspapers represented were the Observer of London, Tages Anzeiger of Zurich, Handelsblatt of Düsseldorf, Asahi Shimbun of Tokyo and L'Espresso of Rome, the information agency told the International Herald Tribune.]

The agency arranged for the journalists to interview Sir Paul Scoon, the governor general of Grenada, and Charles A. Gillespie, acting chief of the U.S. mission, as well as other civilian and military officials.

The agency also paid the \$900 air fare for 12 foreign reporters to visit Central America from Oct. 2-16. They visited Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica.

[Among newspapers represented on that trip were The Times of London, Liberation of Paris, Die Presse of Vienna, La Stampa of Turin, Berlingske Tidende of Copenhagen, Aftenposten of Oslo, Frankfurter Rundschau of Frankfurt, ABC newspapers of Madrid, La Libre Belgique of Brussels, Sankei Shimbun of Tokyo, and the news agencies Agence France-Presse of France and ANSA of Italy, the information agency said.]

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Euromissiles: End Game

Now that the first American cruise missiles have reached Europe, the allies are waiting nervously for the second shoe to drop — Moscow's. Since a last-minute deal in Geneva is unlikely, the Russians are bound to make good their threat to quit negotiations for a time. They have also threatened to deploy more missiles in Eastern Europe.

But there is no cause for alarm. If the Western nations hold together and begin deployment of some American missiles, there is ample time to negotiate an end to this useless competition. There are also signs that agreement would not be difficult.

France's President Mitterrand, who has all along had steady nerves, unfortunately muddled the discussion last week when he compared the current test of wills with the 1962 Cuban missile crisis and 1948 blockade of Berlin. Those were genuinely military crises requiring a serious Soviet retreat. In the Euromissile contest, the Soviet Union is pressing for a political advantage, by exploiting the democratic politics of NATO nations to damage their alliance. The real contest this time is inside West Germany and Britain.

Moscow's threat to move shorter-range missiles forward into Eastern Europe to counter the U.S. deployment would only increase its needlessly large forces. The Soviet offer last week to reduce the number of SS-20s targeted on Europe from 252 to 120, if NATO abandons plans for U.S. missiles, indicates how many Moscow already deems dispensable. Indeed, the reported accompanying Soviet offer to exclude British and French missiles from the Euromissile negotiations — and, presum-

ably, to take them up in the strategic arms context, where they belong — suggests that Moscow may be ready for serious bargaining.

For four years now the Russians have given diplomatic priority to the effort to play on Europe's fears, to block any American deployment and in the process to divide America from its NATO allies. That phase will be over if the Russians recognize that the American mid-range missiles will not be blocked by domestic protest and that the sooner the negotiations become serious, the smaller the number in which their deployment can be held. Since NATO has offered to limit its warheads in Europe to any number the Kremlin will also accept — between zero and 572 — agreement should not be hard to find. The recent Soviet offers suggest that the minimum requirement of Moscow's marshals is as flexible as NATO's definition of "parity" in warheads.

The Soviets' 252 mobile SS-20s targeted on Europe carry 756 nuclear warheads; an additional 108 SS-20s, with 324 warheads, are targeted on Asia. A reload for each SS-20 launcher adds a potential 1,080 more warheads.

By contrast, the maximum American deployment over the next few years would be 572 single-warhead missiles. Further, Washington has indicated that it seeks "parity" only in Europe, and will not deploy in Asia the added missiles it may stockpile at home. The key governments in Western Europe have indicated a willingness to forgo Pershing-2 missiles, the main Soviet concern. Once Moscow accepts some U.S. deployment in Europe, agreement could follow swiftly.

— THE NEW YORK TIMES

More Fuss Over Steel

The United States Steel Corporation has widened the attack against its adversaries, who are numerous. It has filed suits against Brazil, Argentina and Mexico for shipping heavily subsidized steel into the United States. It promises further suits against other Third World countries. The company's chairman, David M. Rockefeller, last week also denounced the international lending agencies — meaning chiefly the World Bank — for putting up the money to help developing countries make steel for which there is no market. And he gave his support to proposed legislation that would impose "temporary" quotas on steel imports, pushing them back to 15 percent of U.S. sales from the present 20 percent.

When Japanese steel began to cut into the U.S. market, the big steel companies got the U.S. government to persuade the Japanese to restrict shipments. With that, European shipments rose; some of it was subsidized, some not. Last year, at the behest of the American companies, the government negotiated a deal with the Europeans limiting their shipments. With that, imports from Latin America, South Korea and so forth became the threat.

U.S. Steel's legal action against Mexico, Argentina and Brazil has implications that go well beyond the steel business. Those three countries are now under great pressure to

increase their exports and hold down their imports so as to earn the dollars to pay their foreign debts. The United States, as the principal lending country, has the strongest possible interest in their success. But trade laws prohibit subsidizing imports. Mr. Rockefeller takes the view that U.S. Steel did not make the loans and does not bear any responsibility for the consequences. That is true enough. But it is also true that any default will have a drastic effect on the American domestic economy, and U.S. Steel has more at stake than Mr. Rockefeller acknowledges. Throughout the world the steel industry has grossly overbuilt its production capacity. It was guided by sales forecasts that have turned out to be much too high. Now the process of cutting back is under way, and the question is where and how much.

U.S. Steel usually talks as though it were the American steel industry. If you want to see American steelmaking capacity survive, you had better shield U.S. Steel from Mexican competition. But other American steelmakers, smaller and more flexible, seem to be having less trouble competing with the rest of the world. Their success suggests that import quotas might not be necessary for the survival of the American steel industry — only for the survival of its highest-cost producers.

— THE WASHINGTON POST

Other Opinion

Watching Moscow and Bonn

The Soviet Union is keeping the world guessing on when it may stage its walkout [in Geneva]. There is speculation that Moscow will wait until after the debate on missile deployment in West Germany's Bundestag this week. But the question at the moment is: What will happen if the Soviet Union does stage a walkout at Geneva?

The United States is pledged to continue the negotiations, and believes that the Soviet Union, even if it breaks off the talks, will return to the negotiating table. However, it is always difficult to predict Soviet responses and moves, and this has become even more difficult now with reports that Soviet leader Yuri Andropov is seriously ill.

It is obvious that the Euromissile crisis, which was brought about by the deployment of Soviet SS-20 missiles, is far from over. It will remain a test of NATO unity and resolve.

— The Japan Times (Tokyo).

West Germany's alternative government, the Social Democratic opposition, duly decided at the weekend to oppose the deployment of new American missiles in Europe. It did so by an overwhelming majority, rejecting out of hand the arguments of the former chancellor, Helmut Schmidt, who in a remarkable speech proved unrepentant of his role as a prime initiator of the NATO "twin track" decision which has led to deployment, barring a last-minute miracle in Geneva.

The Bundestag, with its comfortable majority for the ruling coalition led by Helmut Kohl, will vote in favor of deployment at the end of

this week's debate. So what real difference does it make that the opposition has decided to oppose? Are the Social Democrats, with their almost unanimous decision to change course, doing anything more than indulging in the opportunism which their relegation to opposition makes possible? The decision of the special "missile congress" at Cologne indeed smacks very strongly of opportunism.

The party chairman and former chancellor, Willy Brandt, has made no secret of his perception that a new majority of the left could be built on the success of the anti-nuclear Greens in getting into the Bundestag.

The Social Democrats could be back in office sooner than anyone expects. If Dr. Kohl's coalition fails to solve West Germany's economic problems and the social stresses they are compounding, the Social Democrats may have lost an election, but not the prospect of returning to power within the lifetime of the deployment program. The Cologne decision therefore is hardly academic. It is at least as important as the Bundestag vote.

— The Guardian (London).

Arabs and the Superpowers

It is not so much that Moscow is drawing parts of the Middle East into its sphere, but that certain Arab states — led by Syria — are deliberately involving the Soviets, mainly because they see the United States as biased supporters of Israel. Yet this attitude disregards American efforts to achieve an Arab-Israeli accommodation — efforts that met with considerable success in the case of Egypt.

— Neue Zürcher Zeitung (Zurich).

Thoughts After 'The Day After'

By Anthony Lewis

BOSTON — I watched "The Day After," the ABC television film about the effects of nuclear war, with a doctor knowledgeable in these matters. As I sat stunned by the horror — the people vaporized, the slow deaths from radiation, the panic and savagery — he remarked quietly that it was understated.

The film showed survivors besieging a handful of doctors in a hospital in Lawrence, Kansas. "In Hiroshima," my friend said, "10,000 people came to the Red Cross hospital. There was one doctor."

The scenes of the suffering could have been from Goya. "It would be even worse," my friend said. "Many would be without clothes, vomiting, with acute diarrhea."

So the movie did not exaggerate. Nor did it really tell us anything new, as one of the characters in it remarked, we have known the truth about nuclear weapons for nearly 40 years. Nor did it blame anyone in particular for this disaster; it left deliberately ambiguous the origins of the war that devastated America and presumably the Soviet Union.

Why, then, has the American political right reacted to the film with such ferocious outrage? Conservative commentators denounced it before seeing it; right-wing groups tried to scare off potential advertisers; Phyllis Schlafly and the Reverend Jerry Falwell called it unfair. What is it in the portrayal of nuclear reality that the right perceives as so threatening?

What the film did was to make our abstract knowledge of nuclear devastation concrete, personal, individual, and therefore terrible. It made us aware of reality.

And that awareness is what must bother the right. One conservative columnist actually wrote in irritation that the makers of the film "force our noses into the stench of nuclear holocaust."

The trouble is that a public aware of what nuclear war would do may not so easily accept conservative doctrines on the use and buildup of nuclear weapons. It may measure those theories against reality. "Nuclear war-fighting" is one such doctrine. Right-wing strategists have argued for years that America can use nuclear weapons in war without suffering unacceptable damage in retaliation — that is, can "win" a nuclear war.

George Bush made the argument in 1980 when asked how the United States could win in a nuclear exchange. "You have a survivability of command and control," Mr. Bush said, "survivability of industrial potential, protection of a percentage

of your citizens — and you have a capability that inflicts more damage on the opposition than it can inflict upon you. That's the way you can have a winner."

No rational person will accept that definition of "winning" after seeing "The Day After." Reality is the rubble that was Kansas City, the farmland poisoned by radiation, the isolation of those who survive.

There is a lunatic heartiness in the broadcast words of the unnamed president: "I assure you that America has survived... There has been no surrender."

Nor will anyone believe the argument of officials that civil defense measures would protect the population in nuclear war. The realism of "The Day After" mocks what was already a classic of unintentional black humor, the assurance of T.K. Jones, deputy undersecretary of defense, that three feet of dirt would protect us: "If there are enough shovels to go around, everyone's going to make it."

Those who think about the film may also question the Reagan proposition that the United States needs more nuclear weapons than the 10,000 or so it has now. The administration is pressing not only

for a new missile system, the MX, but for exploration of a whole new arena of nuclear war: space.

The argument is always the need for a better deterrent. But the lesson of the past is clear: Every time America builds a new generation of weapons, the Russians match it — and America is still less secure.

The most frightening thing in "The Day After," as I think back, was the way events moved toward disaster. In cryptic news bulletins we were told that Soviet and NATO forces had clashed in Europe and then that nuclear weapons had been used in the fighting.

No viewer could be left with confidence that such a first use could be stopped short of escalation in mutual disaster. But will political leaders be wise enough, in a crisis, to avoid the first step?

Some think that the American public will react to the film with despair — with a feeling of futility about any individual action on so profound an issue. But if that were likely, the political right would not be so exercised. It wants an inert public, a public that forgets or denies the danger, and that leaves the problem to the politicians.

But the premise of American democracy is that individuals can make a difference.

The New York Times.

The Question Remains: What If America Gave Up?

By William F. Buckley Jr.

NEW YORK — The people at ABC are on to one hell of a story. It is that nuclear war results in quite awful things. You know, like death, pestilence, hunger, pain. That is the whole story of the documentary broadcast on Sunday.

There was a surprise ending. It told you on the screen that nuclear war would probably be worse than as depicted by ABC. It remains only to be added that if nuclear war happens, its sponsors will be the kind of people responsible for this film.

The producers at ABC have gone to great pains to insist that it was not "political." They were saying what the situation theatrically demands, but the sheer bumburgery of it is really too much. It is as if Nancy Reagan went into a polling booth a year from now saying that she had not made up her mind whom to vote for. Why do they go through such notions of alleged impartiality?

Such wasted motion. The whole show is simply given away by the writer of the script, Edward Hume. I

quote from a New York Times report: "Although Mr. Stoddard [the principal producer of the drama] was determined to avoid any explicit political statements, Mr. Hume acknowledges that the film cannot entirely avoid a political interpretation."

It would like to see people starting to question the value of defending this country with a nuclear arsenal. What troubles me is that there is no dialogue on the subject. I hope this film will wrench the dialogue back to the surface. To that extent, it is a political film."

It's all there. The idea is to question "the value of defending this country with a nuclear arsenal." That is a call to unilateralism in one syllable, assuming the word were as compressible as the analytical powers of the docudrama's producers.

What it says is quite simple: It is wrong to own nuclear bombs. If we own them, the Soviets might want to blow them up, and to do so



"That's dangerous, that TV program!"

they would aim nuclear bombs at us.

It is not true that there has been no dialogue over unilateral surrender. But it has been, up until now, largely the property of Jane Fonda and others who reside in the fever swamps where junk thought grows.

Here is an idea for a follow-up. ABC might call it "The Day After, II." It should describe the life of citizens of Lawrence, Kansas, the day after America surrendered to the Soviets — which is what it would do if the Soviets alone had atom bombs. It is what Japan did when America alone had atom bombs.

It might make instructive reading to have a look at James Michener's description of what the Nazis did the day after they took over Poland. The first thing would be the execution of anybody who was ever active in defense of free speech or, actually, active in behalf of any public policy. This would include the Jane Fonda-ABC set, and that it too bad,

because death is much more pleasant than life in Greater Oling.

Do you want to see a movie as gruesome as "The Day After"? Go see "A Day in the Life of Ivan Denisovich." That is what happens to the tens of millions who did not have a nuclear arsenal with which to say no to the Soviet beast.

If only these people would sit up and realize that it is precisely the existence of America's nuclear arsenal that prevents such a situation as is depicted in the ABC drama.

And remember, a full-scale nuclear war would mean about 100 million Americans dead. Those hundred million are going to die one of these days without nuclear armament, and in almost every case more painfully. They should, then, live more joyously. Which means they must have the courage to do two things: Preserve their liberty, and keep the nuclear peace. Providentially, these two things happen simultaneously, inseparably.

Universal Press Syndicate.

For Reagan in 1984, the Micro-Pictures Can Add Up to Trouble

By Michael Barone

WASHINGTON — Where does President Reagan stand politically, one year away from the 1984 general election? The answer depends on how closely you focus.

If you are looking under a microscope, slicing the electorate along different lines and angles and examining the bits and pieces that taken together, make up the American electorate, the president does not look in particularly good political shape. He has problems with this group and has to write off that one; the dynamics of the electoral college, which seemed to work for him in 1980, now threaten to work against him.

But if you look at the president's political condition from what we might call the macro perspective, it looks different — and more promising. Many of the basic ideas that Mr. Reagan seems to stand for can command wide popularity or agreement. And as a leader he has generally shown the steadiness of purpose and the habit of command that Americans in difficult times have always wanted in the White House.

This is not to say Mr. Reagan is a cinch for re-election. That almost certainly depends on events that have not yet happened and decisions that have not yet been made. But it does suggest that looking at his political condition solely from a micro perspective can be misleading.

That is the perspective that now has the attention of the president's political advisers and of the leading Democratic strategists. The president's men, after all, have to make a kind of worst-case analysis; they cannot afford to overlook problems that might occur or weaknesses that might exist. As for the challengers' men, taking on an incumbent president requires a certain optimism; politicians have analyzed the race and decided there is a chance to win are presumably not running.

Let's look at President Reagan's condition from both perspectives. We will begin with the micro perspective, and the problems Mr. Reagan faces in the electoral college.

You don't have to talk long with one of the president's advisers before he will admit that there are not many electoral votes the president can count on. The Rocky Mountain states and Alaska are solid; most Reaganites think California is, too. There are several other solidly Republican states around the country: Kansas, Nebraska, Indiana, New Hampshire. That gives him 115 votes; he needs 270 to win.

In effect, Mr. Reagan faces the same problem in the electoral college that Franklin D. Roosevelt faced in 1940 and 1944. We tend to think of those races as easy landslide victories, because Roosevelt won more than 400 electoral votes in each (Mr. Reagan did in 1980). But they were a lot closer than that.

Like Mr. Reagan, Roosevelt had a solid base; it was somewhat larger, including the South and several Western states. But the big industrial states of the East and the Middle West — some 10 states with 231 elec-

toral votes in 1940 — still had very large Republican voting blocs.

In the band of 10 states from Massachusetts and New York west to Wisconsin and Missouri, Roosevelt won no more than 53 percent of the vote in 1940 or 1944, and usually less. In his home state of New York he won only 52 percent of the vote. He lost Michigan in one race and Ohio in another. He won Illinois with 51 percent in 1940 and New Jersey with 50.3 percent in 1944.

Shifts of rather small percentages could have given the 1940 election to Wendell Willkie and the 1944 race to Thomas Dewey. Roosevelt's strategists understood their vulnerability in these large states, and much of their organizational effort and most of the candidate's personal campaigning were concentrated in them.

Mr. Reagan's situation is similar. Massachusetts is hopeless, barring a landslide. In New York, Lew Lehrman's good showing in the 1982 race for governor is a hopeful sign, except that Mr. Lehrman's big issue was crime, and crime does not work as a national issue. In New Jersey, despite a strong effort, Republicans lost seats in the 1983 legislative races.

The steel furnaces of Pennsylvania are still humming. Ohio is written off by many Reaganites; last week it voted 56 percent against abrogating a 90-percent income tax rate. Michigan's economy has not revived. Illinois has one of the largest black populations of any large state; increases in black registration nearly beat Gov-

ernor James Thompson in 1982, and registration has risen much more since. Wisconsin seems solidly Democratic. In Missouri, the conservative St. Louis Globe-Democrat is following.

Roosevelt had similar political problems in big states in the 1940s. And Ronald Reagan carried each of them in 1980. But in only three — New Jersey, Ohio and Missouri — did he get more than 50 percent of the vote. Reagan strategists count none of these as solid for 1984.

Not so many years ago, conservative strategists such as Kevin Phillips thought that the South, together with the West, would be the heart of a Republican electoral vote majority. But now Reaganites are nervous about their chances in the South.

It is true that Southern voters tend to be more conservative than Northerners on cultural and defense issues. But local and even national Democrats have adapted quite well to the Southern political landscape.

Moreover, most Southerners have never been particularly conservative on economic issues. This was overlooked by some in the late 1960s and early 1970s, because white Southerners were voting so heavily against national Democratic nominees — Hubert Humphrey, George McGovern — on racial issues. But opposition to civil rights is no longer a live political force in the South. Southern Democrats mostly backed renewal of the Voting Rights Act in 1982.

Today the South is the part of the

country where you find voters split most clearly on economic issues. Blacks are universally Democrats; country club whites are almost universally Republicans. Blue-collar whites are split, but enough of them have been voting Democratic to make their states Democratic.

Few people noticed, but in 1980 the South almost went solidly Democratic. Except for Texas, Florida and Virginia — which have all had large Yankee migrations — and oil-rich Louisiana and Oklahoma, Jimmy Carter came within 1 or 2 percent of carrying every Southern state.

Since 1980, Republicans have really won nothing there. In the 1983 gubernatorial races, Republicans could not even come close to beating a high-rolling gambler often summoned before grand juries (Edwin Edwards of Louisiana) or a man accused of sexual relations with black transvestite prostitutes (Bill Allen of Mississippi). The fact is that no one knows how the South will go in 1984.

The civil rights issue that dominated politics there in 1968 and 1972 is gone, as is the native Southerner who ran in 1976 and 1980. Ronald Reagan is probably ahead today in Texas, Florida and Virginia. But no one is betting heavy money on his chances to sweep the South.

Under the microscope, look at a slide of the electorate sliced another way: by ethnic group. Blacks by a large majority seem to oppose Mr. Reagan, and with a passion his strategists have, trouble understanding. That is 10 percent of the voters who, if Jesse Jackson inspires registration, must be written off.

The Reaganites have made great efforts to win Hispanic votes, and may get perhaps one-third, but two-thirds will go to the Democrats. Reagan pollster Richard Wirthlin is pleased that support for the president holds up among blue-collar voters. But they are a declining percentage of the electorate, and the corollary is that Reagan support is lower than historic levels among upscale voters.

This is the first of two articles. The writer is a member of the editorial page staff of The Washington Post.

LETTER

Who Should Know Best?

Initial Western reaction to the invasion of Grenada, while emphatically condemning it, utterly failed to consider how the inhabitants of the island felt about it. Only after several days did anyone even think to ask: "There is a curious coincidence between this omission and William Safire's column 'A Dash of Grenadine,' H/T, Nov. 7. Mr. Safire instructs us on which pronunciation of 'Grenada' is correct, but nowhere does he mention any preference the Grenadians themselves might have. We can infer that he believes the Grenadians are not entitled to an opinion. Is an acceptable democracy one in which the public affairs of places like Grenada are turned over in trust to the Western intelligentsia?"

JOHN S. MASON JR.

Madrid.

Four Steps UNESCO Could Take Against Torture

By Thomas Hammarberg

The writer is secretary-general of Amnesty International.

LONDON — During the last five years Amnesty International has had in at least 60 countries. That is one out of every four member states of the United Nations. The crisis is global, affecting countries in all regions and right across the political spectrum.

Torture is illegal, prohibited under international law. Freedom from torture is an absolute right that the governments of the United Nations have agreed may not be derogated from even in national crises or war. The gap between international pronouncements and the reality inside the camps and cells is a challenge to world conscience.

It is also a practical challenge to UNESCO. By its charter, UNESCO has a crucial role to play in promoting awareness and protection of human rights. At the 1980 general conference in Belgrade, a seven-year plan was adopted for the teaching of human rights — which are again under discussion at UNESCO's current general conference in Paris.

That teaching program will have little impact if not backed with resources and commitment. In the fight against torture, UNESCO needs to focus on wide distribution of basic information rather than on reflections and stud-

ies. That would fulfill the organization's true role in stimulating and aiding human rights education.

What do we really need from UNESCO when, for instance, the objective is stopping torture?

First we have to recognize that not only is the international prohibition on torture not respected in so many countries, it is not even known. No one is telling people that torture has been banned, that they have a fundamental right not to be beaten and mutilated by the secret police, that they have a right to claim compensation for injuries and a right not to be convicted on false confessions extracted under torture.

Who is warning the police, the soldiers and their officers that torture is a crime and is not accepted under international law? Do the recruits to the interrogation teams know that they have a duty to refuse orders to torture?

Do the doctors who are present in the torture chambers and prisons know there are new codes of professional ethics that forbid the involvement of any physician in the ill-treatment of prisoners?

both about the universal ban on torture and often about the fact that torture is taking place. This fuels international hypocrisy. Public awareness is decisive. Informed public opinion is one of the best guarantees for the continuous protection of human rights. If basic information is withheld, that defense is undermined. The right to know about one's rights is fundamental to the exercise of freedom.

Here are four steps that UNESCO, as a promoter of education and human development, could take.

Basic international human rights standards should be published in all major languages. For instance, the excellent UNESCO booklet "Human Rights: Questions and Answers" is still not available in Arabic, Russian, Chinese or Portuguese. More of such straightforward explanatory pamphlets are needed, designed for wide distribution through schools and communities in all countries.

Regional human rights information centers are needed to bridge the distance between the UNESCO building in Paris and the real world. They could provide a dynamic in-

formation network on rights, serving schools, universities, libraries, local organizations, individual researchers and governments.

UNESCO needs a system that requires governments to report on progress in human rights education. What have they done to disseminate translations of the international standards, to put human rights in school curricula, to train law enforcement personnel about the protection of citizens' rights?

There is a need for international support for individuals and organizations victimized because of their attempts to teach human rights. Teachers, journalists and trade unionists have been imprisoned, tortured and in some cases killed because they promoted the human rights cause. UNESCO can deal with this more effectively through its complaints procedure, which allows individuals to raise their cases when their basic rights have been violated. That machinery should be further strengthened.

These steps are simple and direct. They do not involve costly conferences or new studies. They simply require UNESCO to put into practice its own declared goal of promoting the international protection of human rights.

International Herald Tribune.

FROM OUR NOV. 22 PAGES, 75 AND 50 YEARS AGO

1908: Treasure Swindlers Found
MADRID — The Spanish police have discovered in the Calle Cisneros a regular office of international swindlers who seem to have worked what is known as the "Spanish Hidden Treasure Swindle," on quite a systematic basis. This office had ramifications to various parts of the world and sought to extort money from people by offering to disclose the spot where treasure was hidden at the time of the Peninsula War. A man named Pedregal, the leader of the agency, is among those arrested. He had recently managed to extort £1,000 from an American named John Mowan. Judicial authorities believe that the agency has a branch in New York, which lists likely victims.

1933: American 'Tories' Organize
NEW YORK — Taking its cue from President Roosevelt's Savannah address in which he described as "tories" persons voicing criticism of the monetary policy, the Association of American Tories has been formed here to oppose the administration's gold policy and work for stabilization of the dollar. The association's constitution has eight objects, including these: "to discourage toleration of Democracy's present definition of liberty; to keep the American people, their lives, property and savings from being viscated in the executive laboratory; to raise the drooping head of the American eagle on the dollar bill; to foster the back-to-college movement for statesmen."

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Khmer Rouge Making Gains In Cambodia

Rebels Said to Increase Activities, Recruitment

By William Branigan

Washington Post Service

BANGKOK — The Khmer Rouge guerrilla group is reportedly gaining strength again, causing concern among Asian and Western observers of the nearly five-year-old war in Cambodia.

In recent months, the communist rebels have stepped up guerrilla activities and recruitment in the country, according to diplomatic sources.

The Khmer Rouge brought a reign of terror, mass murder and destruction to Cambodia for almost four years before the Vietnamese ousted them in an invasion in December 1978.

But the guerrillas have been helped by fading memories of their brutalities in some parts of Cambodia and growing resentment of the Vietnamese occupation, the sources said.

Khmer Rouge guerrilla activities reached a peak during the rainy season this year from May to October, they said.

Since then, however, the Khmer Rouge, two allied noncommunist resistance groups and their Vietnamese enemies have all been hampered by floods, and the guerrillas have been preparing for an expected Vietnamese dry-season offensive in the next few months.

Popular aversion to the increasingly "undisciplined behavior" of Vietnamese troops and resentment of a large influx of Vietnamese soldiers have motivated thousands of Cambodian refugees to flee to resistance settlements near the Thai border in recent months, diplomats and refugee officials say.

From May to July, about 15,000 streamed to the border area from Cambodia's western provinces because of a Vietnamese purge of provincial administrators and military units of the Heng Samrin government, which Vietnam installed in Phnom Penh after the invasion.

The crackdown has since tapered off, and many of those arrested reportedly have been released.

Since July, however, perhaps as many as 4,000 refugees have made their way from Phnom Penh to the Nong Samet border encampment of the anti-communist Khmer People's National Liberation Front resistance group, according to relief officials.

Among their reasons for leaving the refugees have cited disillusionment with the Phnom Penh government and increasing settlement by Vietnamese civilians in and around the capital.

The refugees, say the Vietnamese, are coming in and taking over businesses and moving into the best houses and neighborhoods, said one refugee official. "And they see the government going out of its way to help the Vietnamese."

According to a refugee official, consistent reports from Cambodia have indicated that the population of the Cambodian capital may now be 50 percent to 60 percent Vietnamese.

In addition, Cambodian refugees have cited increasing "abuses" by Vietnamese troops, who often lack adequate rations and other supplies or are fed up with the nearly five-year-old occupation.

The reported Vietnamese misbehavior contrasts sharply with earlier accounts of a fairly well-disciplined occupation.

It is against this background, diplomats said, that the Khmer Rouge have been able to step up their activities in the country and increase their numbers.

Well supplied by China, the Khmer Rouge have been able to deliver food and other supplies to some badly stricken villages, the sources said.

There is no precise figure for Khmer Rouge forces, but some informed diplomats believe their numbers have increased from roughly 30,000 to 40,000.

By contrast, the main noncommunist resistance group, the Khmer People's National Liberation Front, numbers 10,000 to 12,000 armed fighters, with another 6,000 unarmed recruits, diplomats said.

The other noncommunist faction, the Sihanoukist National Army of Prince Norodom Sihanouk, a former Cambodian head of state, has 3,000 to 5,000 armed guerrillas with as many as 5,000 recruits still lacking weapons.

An Afghan Pilot Defects To Pakistan in Soviet Jet

The Associated Press

QUETTA, Pakistan — An Afghan pilot defected to Pakistan, landing his jet fighter just south of the Afghan-Pakistan border, authorities said Monday.

The pilot, who was not identified, surrendered Sunday after touching down in his Soviet-built Su-7 at Dalbandin, 50 miles (80 kilometers) from the border in Pakistan's rural Baluchistan province. He told local authorities he fled his homeland, under Soviet occupation since 1979, to demonstrate his "strong resentment" of the policies of President Babrak Karmal's government.

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The image of Deng Xiaoping, former deputy chairman of China's Communist Party and still the nation's most powerful leader, waves from an official display booth in Beijing.

Deng Steps Into the Spotlight in China

His Larger-Than-Life Image Symbolizes the New Order

By Christopher S. Wren

New York Times Service

BEIJING — A poster displayed last month in the Shanghai newspaper Liberation Daily looked familiar. It showed a phalanx of soldiers, sailors, fliers and technicians marching forward, to the slogan, "Build powerful, modernized, and standardized revolutionary armed forces."

Looming above them larger than life in an army uniform, Deng Xiaoping, the Chinese leader, peered into the future, with one hand shading his eyes from tomorrow's sunshine.

The poses evoked the kind of posters that once idealized Mao and his red-bound quotations. This one even bore another slogan at the top heralding "The Selected Works of Deng Xiaoping," a collection of his writings and speeches published in July.

As with a picture published in September of Mr. Deng, 79, floating in the waters at a seaside resort, in the manner of Mao's celebrated swim in the Yangtze in 1966, the resemblance seemed intentional.

Because very little appears by accident in the controlled press, such pictures of Mr. Deng, like the

frequent poems to his wisdom and courage, seem intended to tap the kind of fervor generated by the personality cult of Mao.

A new cult of personality is prohibited by the 1982 party charter, which "does not allow any member to become divorced from the masses or place himself above them." It is also inconsistent with Mr. Deng's own recent posture, since he has declined opportunities to hold formal high office.

But Mr. Deng represents the new orthodoxy now being promulgated in a party purge. Such campaigns fall back on the proven format of citing one individual's words and deeds to inspire everyone else.

Mr. Deng's writings are at the core of the purge, which will entail political study and self-criticism over the next three years and wind up with a review of party membership rolls.

A list of required reading includes some of Mao's old writings dating from before 1957, when he began committing what are now viewed as the errors of the Great Leap Forward and the Cultural Revolution.

The current leadership still pays lip service to Mao, in part because outright repudiation would alienate many conservatives and throw

into question the party's legitimacy.

"Mao Tse-tung's theory of democracy within the party and of a people's democracy is still the criterion guiding the political life of the party and country today," Liao Gailong, a party historian, said last week at a symposium. But he also listed Mao's mistakes, including an overemphasis on class struggle, the expectation of fast economic results and the disregard of the views of others.

Mr. Deng has been praised for ridding the party of the "two whatevers" — the dogmatic conviction that whatever Mao thought or whatever Mao did must be blindly followed.

He has been careful not to appear a claimant to Mao's mantle. In mid-1981 he reportedly urged his protégé, Hu Yaobang, the party's general secretary, to have Mao's merits outweigh his faults in an official party evaluation.

Mr. Deng has also moved cautiously against hard-liners resisting change in the party, government and armed forces.

The new purge, which is directed against what are considered bourgeois trends and influences, appears part of an effort to assure conservatives that Mr. Deng's various policies will not erode the authority of the party.

But Mr. Deng has also identified radicals as a target of the purge. The official line is still that Mr. Deng is enhancing Mao's philosophy, not replacing it. The magazine Review in September disparaged the "myth of de-Maoification" circulating in the West as "ridiculous" and "totally groundless."

But Mao's celebrated little red books are no longer on store shelves, while more than 40 million copies of Mr. Deng's new book have been published.

agree to leave the decision to the party caucus.

Under the constitution proclaimed by Mr. Marcos in 1973, the 15-member Executive Committee, of whom only 10 members have been appointed by the president so far, would have become Mr. Marcos' collective successor.

Earlier this month Mr. Marcos said that, if he became unable to perform his duties, all powers would revert to the prime minister, who is the head of the Executive Committee, until a presidential election could be held within 30 days. The prime minister is currently Cesar Virata, who is also finance minister.

Although the decision was a significant turn in the Philippine political structure, the withdrawal of Mrs. Marcos, 54, as a presidential possibility dominated the news.

Mrs. Marcos had announced several weeks ago that she intended to leave elective politics when her term in the National Assembly expires next May, at which time she would also relinquish her positions as minister of human settlement and governor of metropolitan Manila. The two jobs have given her enormous influence through control of job-creating projects. However, she remained a member of the Executive Committee, a post that could have given her at least a share of power if her husband died.

Those changes, which are expected to be passed by the National Assembly, will be put to the electorate early next year.

The present assembly speaker, who can be replaced at any time by a vote of the majority party, is Quirino Makabata, a former chief justice of the Supreme Court who turned to politics when he retired from the bench in 1979. Mr. Makabata, who attained the position of chief justice by seniority in 1973, is little known as a political figure. He is best remembered for having upheld Mr. Marcos' imposition of martial law in 1972.

The decision of the ruling party to restore the office of vice president appeared to represent a concession by Mr. Marcos, the party's leader, who strongly opposed the change. Only last weekend, under pressure from the party, did he

Ethnic Tension Splits Romania, Hungary

By Dan Fisher

Los Angeles Times Service

ALBA IULIA, Romania — When a foreign resident returned to Romania not long ago after a holiday in Paris, he drove several hundred miles out of his way to re-enter the country through non-aligned Yugoslavia rather than allied Hungary.

The reason: Even though Hungary and Romania are "fraternal" members of the Soviet-led Warsaw Pact, the traveler knew from experience that their border is one of the least friendly in all Europe, that Romanian frontier guards often spend hours harassing motorists.

Feelings are sensitive because about two million ethnic Hungarians live in Romania and many people think that the Hungarians face discrimination. A recent visitor to Hungary and Romania found that the hostility between them was barely concealed.

In an interview in Budapest, an official described his country's contacts with Romania as "a system that has emerged from the Dark Ages trying to confront its alter ego."

And in Bucharest, a Foreign Ministry official sneered at Hungary's reputation as the most prosperous and democratic in the East. Hungarians, he said, may be better off economically, but Romania does not have Soviet troops stationed on its soil.

"I may have only one shirt," he added, "but I think I feel freer than if I had more shirts and had to wear a tie all the time."

According to diplomatic sources in both countries, Romanian officials fear that relatively liberal ideas from Hungary will spill over the border and threaten Romania's authoritarian ways.

The roots of the tension between Hungary and Romania are here in the region known as Transylvania, which covers nearly half of Romania and is defined by the Carpathian and Transylvanian mountains.

In a historical museum here, there is exhibit after exhibit to support the assertion that Romanians are descended directly from Thracian tribes that were here before the time of Christ and were conquered by the Romans early in the second century. According to Chugudean Horia, an archaeologist at the museum, the Romanian culture and language were well established by the 10th century, when the Hungarians appeared in Transylvania.

Still, Hungarians dominated the region until after World War I. Under the 1920 Treaty of Trianon, Hungary was forced to give up more than 70 percent of its territory and nearly two-thirds of its people. Transylvania became part of Romania, but the ethnic Hungarians still living here comprise the largest minority group in Europe.

And the Romanian government's alleged mistreatment of them is the principal irritant in relations between the two countries.

"The aim of the Romanian government is to wipe out the historical consciousness of these people," a Budapest screenwriter, who often travels to Romania, said not long ago.

Romanian officials deny that they discriminate against anyone.

"The bread we are eating we share equally," said Ioan Noja, deputy chairman of the County Council in Cluj, regional capital of Transylvania. "The object is to have more bread, whiter bread."

It can be difficult, because of official supervision, for a Westerner to understand the situation of the ethnic Hungarians. All Romanian citizens are required to report to the police any contact with foreigners. Not many are willing to take the risk.

According to Hungarian citizens who have visited ethnic Hungarians in Romania, their hosts are frequently subjected to police questioning, house searches and other harassment. Reports reaching Amnesty International, the human rights group headquartered in London, say that ethnic Hungarians in Romania who protest about their lot can expect to be beaten, imprisoned or detained in a psychiatric hospital.

Károly Kiraly, a leader of the Hungarian minority and a former

top official in the Romanian Communist Party, has appealed to Bucharest repeatedly for reform measures. He has been under house arrest for five years, according to the U.S. Helsinki Watch Committee, a group that monitors the human rights situation in Europe.

According to Ellenpontok, an underground Hungarian-language publication printed in Romania, as well as other documents and reports that have been smuggled to the West, many people in the Hungarian minority believe that they are being subjected to a kind of "cultural genocide."

They complain that the number of Hungarian schools and Hungarian-language courses in Romanian schools is constantly decreasing; that the flow of books, newspapers and travelers from Hungary is restricted; that Hungarians are discriminated against in connection with important economic, political and government jobs, and that the authorities are trying to homogenize the population by assigning more Romanians to jobs in Transylvania while forcibly dispersing ethnic Hungarians.

A year ago the authorities cracked down on the editors of Ellenpontok, spurring a protest by 71 important cultural figures in Hungary.

Károly Kiraly, a leader of the Hungarian minority and a former

Two top Hungarian Communist Party officials then visited Bucharest for a meeting with their counterparts, but the meeting was reportedly so rancorous that the two sides could not agree on a joint communiqué.

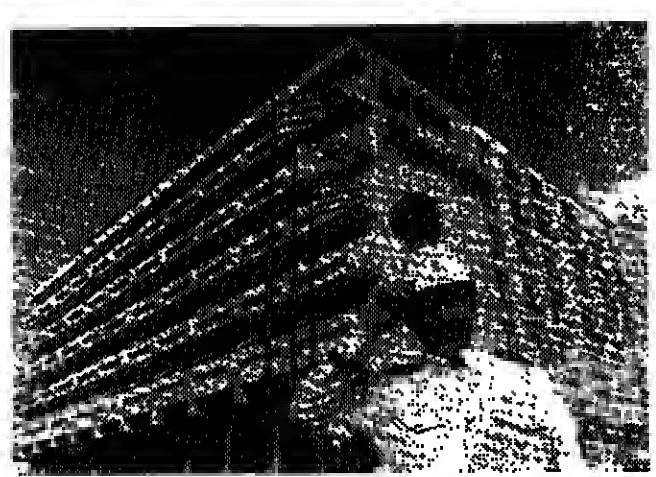
Last May, former Foreign Minister Frigyes Paja of Hungary told the press that a confrontation with Bucharest over the issue would "not be opportune, for it would mean interfering in the internal affairs of a fraternal country."

A social scientist in Budapest said, "It's a trap for the government. If the government doesn't say anything about the problem of minorities in neighboring countries, it creates dissent internally. But if they act and try to do something, it's counterproductive."

Writer Bids to Unseat Tanaka

Los Angeles Times Service

TOKYO — Akiyuki Nozaka, 53, a novelist and critic, said Monday that he would resign from the upper house of the Japanese Diet to run against former Prime Minister Kakuei Tanaka in a lower house election expected to be held Dec. 18. Mr. Tanaka was convicted Oct. 12 of having accepted a bribe from the Lockheed Aircraft Corp. while serving as prime minister from 1972 to 1974.



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ARTS / LEISURE

Reg Butler's Smashing Success

By Graham Heathcote

The Associated Press

LONDON — A one-man sculpture show at London's Tate Gallery recalls furious arguments over politics and abstract art 30 years ago.

It is the first exhibition to survey the career of Reg Butler, who was in turn an architect, lecturer and blacksmith during World War II and technical editor of the Architect's Journal. He gave up his last job in 1950 to be a sculptor full time.

His stark postwar works in metal and wire, usually of standing human figures, were disturbing and seemed to reflect the agonies of concentration camp victims, whose photographs were appearing constantly.

But Butler's art was of limited public appeal and became a target

for newspaper cartoons, protest and student jokes.

Then Butler won a prize in an international competition to illustrate "The Unknown Political Prisoner." The Tate displayed a model of his entry, a kind of cage on a gallow-like tripod, reminiscent of a watchtower. It made the sculptor famous.

The political right praised the model. The left attacked the whole concept of the competition, claiming it was anti-Soviet, Cold War politics.

The largest number of the 3,500 entries came from West Germany. The Soviet Union and its allies stopped their sculptors taking part.

On March 15, 1953, a stateless Hungarian refugee artist, 28-year-old Laszlo Szilvassy, picked up Butler's 18-inch (45-centimeter) tall model, crushed it and threw it on the floor.

"Now it's finished," Szilvassy exclaimed in front of about a hundred onlookers.

His act got newspaper headlines and a police charge of criminal damage. He was conditionally discharged by a magistrate on payment of £10.5 and legal costs and soon after dropped from public view.

Four small models of the controversial sculpture are in the exhibition, as well as a larger one Butler made in 1955-56 when it was thought that a monument of it would be built in West Berlin, overlooking East Germany. That never materialized.

"Szilvassy was not a crank," Richard Calvocoressi, assistant keeper in the Tate's modern collection, said in an interview.

"His protest was on aesthetic grounds: that Butler's solution to the competition was an inadequate way of remembering those who gave their lives for a just cause. Butler respected that position."

"Butler was much affected by the destruction and said the public was misled about his work by writers and critics."

"There were rumors at the time that the CIA put up the prize money, but it wasn't true."

Calvocoressi said the prize came from a wealthy American, whom he did not identify, and the competition was the idea of a former U.S. cultural attaché in Stockholm.

The attacks on his work made Butler despair of getting his sculpture into public places. He died in 1981, aged 68.

Butler's last works, several of them owned by New York's Pierre Matisse Gallery and shown in the new exhibition, were very different.

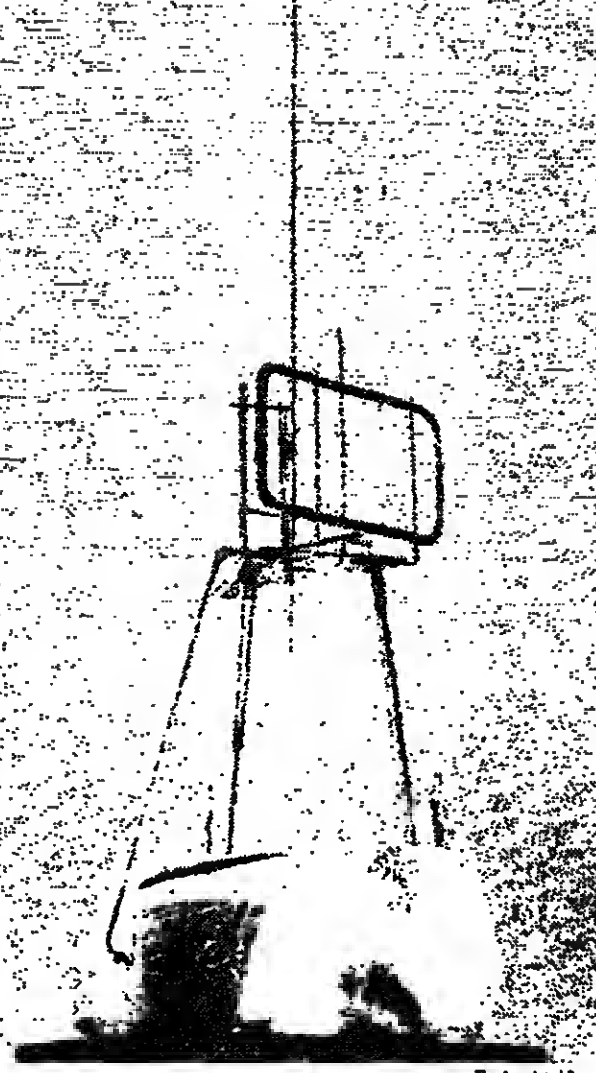
They are large and startlingly lifelike female nudes, made of bronze, painted in flesh tones and with real hair on the heads. They suggest extremes of suffering and eroticism.

"He was trying to make it something you meet as you meet a human being — trying to make it alive," said Calvocoressi.

"The nudes go beyond realism. Parts of them are exaggerated, the distorted hips, for example."

"Butler was not satisfied to imitate nature. He wanted to capture the quality of life. He said otherwise it would just be a dead statue."

The exhibition of about 200 sculptures, drawings and engravings runs through Jan. 15.



Reg Butler's "The Unknown Political Prisoner."

The Man Who Created '1984'

(Continued from back page)

quack, pacifist and feminist in England.

"Gulliver's Travels" meant more to him than any other book he had read — contributing directly to the creation of "Animal Farm," his satirical fable about the Soviet revolution — and his impassioned outrage is often compared to Swift's. But, like that of Swift, his disgust often turned inward. Pritchett described him as "tall and bony, the face lined with pain, eyes that stared out of their caves, he looked far away over one's head, as if seeking more discomfort and new indignations."

That urge, some biographers believe, led him to imperil his dangerously feeble lungs by choosing to live in a primitive cottage on the dank and forlorn Scottish island of Jura. He "went native in his own country," Pritchett joked. But it wasn't funny.

He was born in Bengal in 1903, the son of a barrister in the Indian civil service, but returned with his mother to England immediately. Except for brief visits, his father remained there until Eric was 9 — by which time the withdrawn and mistrustful boy had entered St. Cyprian's preparatory school, where he was whipped for bedwetting and developed "a sense of desolate loneliness and helplessness" and "the profound conviction that 'I was no good.' He got a scholarship to Eton, but when his indifferent performance there destroyed any chance of a university scholarship, in 1922 he went to India as a policeman in Lower Burma.

The experience provided material for several later masterworks of reportage and an acrid novel indicating the raj mentality, "Burmese Days" (1934).

After five years, he felt "an immense weight of guilt [I had] to expiate" and a compulsion "to submerge myself, to get right down among the oppressed." In 1928 he moved to Paris, living in self-enforced squalor and writing fiction, then returned to England to do the same. The result was his first book, "Down and Out in Paris and London," which he considered so inept that it needed a pseudonym: He

chose "Orwell" after an English river; "George" for its typicality.

After several publishers rejected it, he abandoned the manuscript at a friend's home in London. But the friend found an agent who found a publisher, the book came out in 1933, and "Orwell" entered the public consciousness. During the early '30s, supporting himself by odd jobs and temporary teaching positions, he wrote two novels — "A Clergyman's Daughter" and "Keep the Aspidochelone" — whose protagonists paralleled in surreal form his own attempts to wallow voyeuristically in poverty. Orwell, meanwhile, lived in a 300-year-old cottage and celebrated his wedding in 1936 to Eileen O'Shaughnessy at a local pub.

Six months later, he went to fight in the Spanish Civil War, disdaining the fashionable International Brigade for a small, dissident Marxist unit. He alternated between horror and tedium; mailed home notes scrawled on envelopes or toilet paper (they became "Homage to Catalonia," his book on the war); was shot through the throat; and with Eileen, who had joined him there, became a fugitive when his unit was blamed by the Communist press — falsely, Orwell believed — for a massacre in Barcelona. Anger at that "propaganda" was the genesis of "Animal Farm."

Once back in England, he disavowed his novel's "naïve passages, decorative adjectives and humbug generally" and pledged that "every line of serious work" would be "written against totalitarianism." But "Homage" (1938) was too critical of communism to suit the editorial mood in Britain: When he finally found a publisher, the book sold only 683 copies in six months.

As World War II approached, Orwell feared Britain's involvement (by mobilizing a capitalist-imperialist government against fascism) was one simply letting fascism in by the back door, but joined the BBC's propaganda unit and wrote patriotic wartime pamphlets. He quit in 1943 to become literary editor for the Tribune, where his columns and reviews appeared until 1945 — the year of "Animal Farm."

Again, he was rebuffed by pub-

lishers. Stalin was fighting Hitler, and the time was wrong for an anti-Soviet book. ("If liberty means anything at all," Orwell later wrote, "it means the right to tell people what they do not want to hear.") But again he was finally published, to unexpected success: a first printing of 4,500 copies was sold out in two weeks.

Meanwhile, he had adopted and become obsessively devoted to a son named Richard (even burning the name of the natural father of the adoption papers with a cigarette) and happy family life seemed possible. But while he was abroad as a correspondent for The Observer, Eileen died during a hysterectomy. After his brief hunt for another wife, he and Richard moved to Jura, where he wrote "1984" and remained even after his lung problem was diagnosed as tuberculosis in 1947. The effort so weakened him that he died the final revision lying on a sofa.

Just as "Animal Farm" had been influenced by H.G. Wells' "The Island of Dr. Moreau," Orwell's last novel drew on many contemporary sources: the stricken tone of Koestler's "Darkness at Noon," sociology from Jack London's "The Iron Heel" and elements of G.K. Chesterton's "The Man Who Was Thursday," among others — including passages from his own essays, especially "Politics and the English Language." But out of it he created a world so hypnotically desolate, so terrifying in its extrapolated resemblance to our own, that four decades later the nation quavers uneasily on the threshold of the eponymous year.

Indeed, "1984" seems freshly urgent in our era of encroaching computer domination and mass manipulative potential. "If both the past and the external world exist only in the mind," Winston asks, "and if the mind itself is controllable — what then?"

What then? The question hovers over an age besotted with complacency like a challenge unmet. "It is quite possible that man's major problems will never be solved," Orwell wrote in 1944. "But it is unthinkable. Who is there, who dares to look at the world of today and say to himself, 'It will always be like this.'"

Brook 'Carmen' Casts Its Magic on Broadway; 'Marilyn' Bombs

By Frank Rich

New York Times Service

NEW YORK — For his "Tragedy of Carmen," Peter Brook has transformed the Vivian Beaumont's stage into a hurling carpeted with gravel and earth. It's an arena huffed on every side by fate, and its round shape is echoed in every step of this production's relentless thrust.

When we first meet the gypsy temptress Carmen, she tosses tarot cards into a small circle of rope placed on the dirt. When we last see her 80 minutes later, she and her outcast soldier lover, Don José, make one final walk around the ring before meeting up with the destiny those cards have dealt. Many other circles come in be-

tween — drawn in sand and outlined in rope — but the largest of them all is only felt: It's the noose that Brook, through the astonishing power of his art, steadily tightens around the audience's throats.

The impact of this "Carmen," premiered in Paris two years ago, is so strong that even the evening's inevitable climax makes us gasp. The gasp is not motivated by surprise: As Brook's "Carmen" is an adaptation of Georges Bizet's opera, we know that José will ultimately rip a knife into the heroine's heart. We gasp because Brook has forced us to feel the fated denouement as if it were new again. In a world rife with aesthetic overkill, this director has found the one way to put savagery back into tragedy: complete and utter simplicity.

Yet the evening is not just an emotional purging. There are other wonders of lighter effect — slapstick comedy played at silent-movie pace and gravely beautiful romantic tableaux cast in a Goyaesque glow. Magic is everywhere.

If you read all the fine print in the Playbill for "Marilyn: An American Fable," you'll discover that the new musical at the Minskoff has 16 producers and 10 songwriters. If you mistakenly look up from the Playbill to watch the show itself, you may wonder whether those 26 were ever in the same rehearsal room — or even the same city — at the same time. On top of its many other failings, "Marilyn" is incoherent to the point of being

loony. I defy anyone to explain — just for starters — why 10 choruses boys dressed in pink plumbers' costumes sing a song about bubble baths at the climax of Act II.

The woman who summons the plumbers is supposed to be Marilyn Monroe, and it can be said without fear of contradiction that "Marilyn" is meant to be the story of the ill-starred actress' life. But even this fact is occasionally in doubt. Patricia Michael's libretto makes only scant mention of Monroe's movies and vastly abridges the story of the actress' tempestuous personal life. Alyson Reed, the professional and hard-working performer cast in the title role, has precious little to do under the circumstances. Monroe she's not, but when she's stuffed into the famous

costumes, you can squint your eyes and accept her as a Madame Tussaud replica.

The amateur direction and choreography are attributed to Kenny Ortega; the Playbill also thanks another director, Thommie Walsh. Perhaps someday one of these men or their several dozen collaborators will reveal what they had in mind.

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BANKING AND FINANCE IN ASIA

A SPECIAL REPORT

TUESDAY, NOVEMBER 22, 1983

Page 7

Offshore Banking In Japan: Prospects Worse Than Ever

Special to the IFT

TOKYO — "We have made no progress so far with the idea of offshore banking in Tokyo."

The speaker, a senior official in Japan's Ministry of Finance, then explained why the formerly popular idea of a new international banking center in Tokyo had lost its attractions. "One reason is the uncertainty of the international monetary situation, and the debt problems of some major countries; people have lost some of their interest in international transactions," he said.

"The other main reason is that some kinds of financial institutions have found it difficult to accept the approach followed in the proposal for an offshore banking center made last winter by Mr. Hosomi," he added, referring to the draft plans prepared by Takashi Hosomi, president of Japan's Overseas Economic Cooperation Fund (the country's overseas aid agency) and an ardent advocate of international banking facilities in Tokyo.

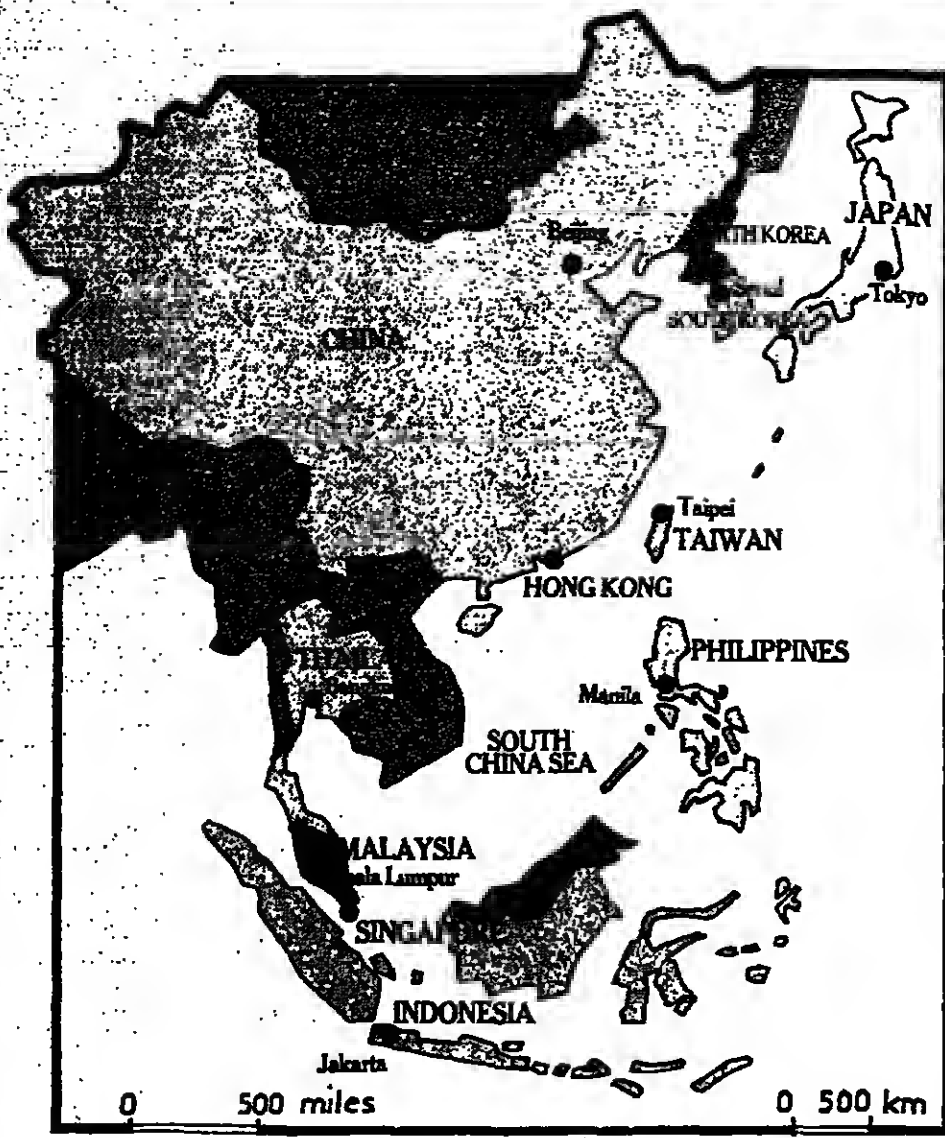
Both reasons are valid. Certainly, banks in general are shunning some sectors of international finance — notably the core business of syndicated credits. In the first nine months of 1982, the international syndicated loan market had between \$115 billion and \$120 billion worth of credits arranged; this year, during the same period, the volume of loans has fallen to between \$50 billion and \$55 billion. To some extent international credit demand has been supplemented by a greater volume of international securities flotation than in 1982, but not by enough to make up for the sharp contraction in syndicated lending. Banks around the world are less interested in lending long term to overseas customers.

The second reason is equally true. The Hosomi proposals were for a straightforward offshore center, which would take funds from nonresidents of Japan and lend them to other nonresidents (what is sometimes called in Japan "out-out" business). According to an English translation of the proposals prepared by the semigovernmental Institute for Financial Affairs, "eligible IBF depositors would be nonresidents, other IBFs, overseas financial institutions, the domestic and overseas main and branch offices of the financial institutions which have established IBFs." Similarly, the business of the IBFs would be confined to nonresident finance — "Assets permitted to IBFs will basically consist of advances to nonresidents, which include loans to nonresidents, nonresidents' bonds, loans/deposits with the domestic and overseas financial institutions, and loans/deposits with the domestic and overseas main and branch offices of the financial institutions, which have established IBFs."

Where the proposals offended some Japanese financial institutions was in stating that the IBFs would be the cutting edge of further deregulation of the domestic financial markets within Japan. "The establishment of Tokyo IBFs will not be aimed at creating a breckwater to protect the future Japanese financial system against a tide of liberalization, but rather will constitute a step in the direction of full-scale liberalization and internationalization of the Tokyo (Japanese domestic) market," it said. "Accordingly, the system should be perceived as one in which the restricted scope of activities (permitted to IBFs) will, with the passage of time, be gradually expanded, and at the time when the domestic market has experienced extensive liberalization and has been opened up internationally, the separate categorization should be terminated."

The Hosomi proposals were in themselves unexceptionable — the

(Continued on following page)



4 Superstars of Region Expect Strong Recovery

By Dinah Lee

HONG KONG — Taiwan, South Korea, Hong Kong and Singapore have dazzled business people and economists alike with their phenomenal growth patterns, unmatched for more than a decade anywhere else in the world.

Their growth rates of 10 percent or more throughout the 1970s attracted the envy of developing neighbors such as Indonesia, Sri Lanka and the Philippines, and industrialized countries of the West fighting off stagnation.

Analysts sought to attribute their successes to a strain of Confucianism running through their cultures, heavy dependence on exports, or the nature of their governments, which for the most part are top-heavy with skilled technocrats.

Through the early 1980s, these four countries suffered to a certain extent from the global recession. However, by the middle of this year, analysts, saying recovery was imminent, were projecting annual growth rates of 5 percent or more. The main hesitation is that in all cases, the recovery of the four depends on U.S. demand for Asian exports.

While no one expects the prosperity of the 1970s to return, the atmosphere is brighter than ever. The obvious exception is Hong Kong, because of its political worries. Singapore has had to absorb a shock to its dominant petrochemical and refining industry, and only this month South Korea's top economic planners — the deputy prime minister, Suh Suk Joon; the chief secretary for economic affairs, Kim Jae Ik; the commerce and industry minister, Kim Dong Whie, and the energy resources minister, Suh Sang Chul, were assassinated in Rangoon, Burma.

Perhaps, therefore, Taiwan offers the simplest example of recovery from the recent recession, unqualified by extraordinary circumstances.

Taiwan's exports of footwear, household appliances and electronics and plastics products have led the

rebound, convincing economists that Taiwan will overtake the government's revised growth target of 6.5 percent for this year, compared with 3.8 percent in 1982, its slowest performance since 1974.

Chen Sun, vice chairman for the Council for Economic Planning and Development, believes growth may reach 8 percent in 1984. Not everyone agrees. Imports have failed to keep up with an increase in the first seven months of 7.2 percent in value terms. During the same period, Taiwan's imports declined 3.6 percent in value on top of a 10.9-percent fall for all of 1982. Government measures to boost reinvestment have included lowering of tariffs and abolishing of some import permits. The central bank is enlarging the money supply by as much as 20 percent from the preceding year.

Interest rates, in both the official and the curb market, are at new lows, as a record of this relaxed monetary policy, although there is the view that greater demand may adjust this by the end of the year. The greater liquidity has not yet resulted in inflation. This is reflected in the modest rise in the consumer price index of 3 percent in 1982, which increased in May 1983 by 2.6 percent from May 1982.

This is more than matched by wages, which rose 8.5 percent in 1982 and in May were up 7.5 percent over May 1982.

Taiwan's greatest worry is its overdependence on the U.S. recovery. In the first seven months of this year, the republic's trade surplus with the United States stood at \$3.4 billion and was estimated to reach at least \$5 billion for the whole year, compared to \$4.2 billion for 1982 and \$3.3 billion in 1981. The new U.S. currency, which is essentially linked to the strong U.S. dollar, hurts Taiwan's exports to Japan and Europe.

By comparison, South Korea's exports have only picked up in the second half of this year, but incoming

(Continued on Page 9)

Slowed Loan Growth Fails to Curb Hong Kong Banking Market Expansion

By Jo McBride

HONG KONG — The books on overseas loans at the institutions that make up Hong Kong's banking sector showed an expansion of only 4 percent in the first half of 1983.

While that boosted total outstanding credits to \$60.3 billion, the growth rate was insignificant compared with the 24 percent in the same period last year. But it did nothing to dent Hong Kong's claim to be the world's fastest growing international banking market.

In Singapore, the older of Asia-Pacific's two such centers, the Asian Currency Units, in which banks book their foreign assets and liabilities, expanded during the period by an even lower level, 1.7 percent, to reach \$105 billion. This compares with 7.7-percent growth in the first semester of 1982.

In London, assets reached \$441.8 billion by the end of June 1983, showing expansion of only 2.3 percent in the six months to that date — a rate paralleled at the 18-month old International Banking Facilities in the

United States, where assets are just above the \$200-million mark.

The reasons for the shrinkage range from recession-induced lower corporate investment needs, to national borrowing on commercial terms for balance-of-payments purposes, which is seen as self-defeating.

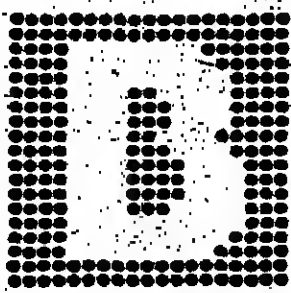
This is the reverse of the picture in the mid-1970s when Asia-Pacific's international business really began to boom.

Since then, Hong Kong and Singapore have success-

fully developed complementary roles — despite occasional bids by both sides to grab some of the other's business.

In Hong Kong, this has been the winning of mandates to raise syndicated credits for regional borrowers and the packaging and management of such facilities. Since the Asian Dollar Market was formally established in Singapore in 1969, it has been the deposit-taking center from which credits were

(Continued on Page 9)



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BANKING AND FINANCE IN ASIA



Trading on the Tokyo stock market.

Offshore Banking In Japan: Prospects Worse Than Ever

(Continued From Preceding Page)

establishment of IBFs similar to New York's IBFs and to Singapore's Asian Currency Units. The new facilities would have little or no direct effect on domestic financial structures or practices but they were marketed in such a way as to alarm a wide range of Japanese financial institutions.

"That was a vital mistake," the Ministry of Finance official said. "The proposal should have been made in a way that was acceptable to everybody. Instead, it was published to stimulate further freeing of restricted transactions in the domestic market. Most restrictions have been lifted, but some important ones remain, especially the limitations on interest rates, which are a crucial point for some less competitive institutions."

The institutions that have most to fear from IBFs are Japan's long-term credit banks — Nippon Credit Bank, the Industrial Bank of Japan and the Long-Term Credit Bank of Japan — and its seven trust banks. Under domestic regulations, these institutions have a monopoly on deposits of longer than two years' maturity, and they are further guaranteed a positive yield curve and generous lending spreads through the administered structure of interest rates.

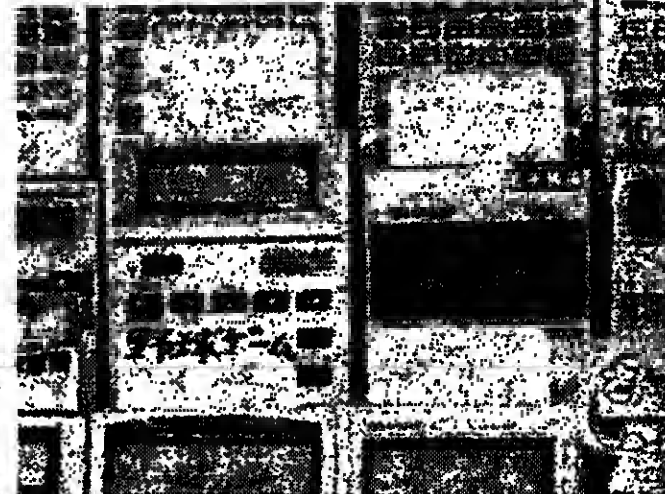
Following the 0.5-percent cut in Japan's official discount rate on Oct. 22, for example, the entire schedule of deposit and lending rates was shifted downward. Although the size of the reduction varied from category to category — bank deposit rates from three months' maturity cut to two years were cut by 0.25 percent, whereas short-term prime rate fell by 0.5 percent and long-term prime by 0.2 percent — the final effect was to preserve the yield curve and loan spreads.

The beneficiaries of the administered system are naturally loath to see free market determination of interest rates or free competition for deposits. As they stand, they are monopoly takers of long-term deposits and monopoly suppliers of long-term fixed-rate finance. An unrestricted IBF sector gradually whittling away at their domestic prerogatives challenges their raison d'être. Tokyo IBFs will not be set up until the trust banks and long-term credit banks receive some kind of assurance that their position will be protected. So far, it is not clear what that assurance will be.

"Different types of transactions need different types of frameworks, and new ways of doing offshore transactions need a different treatment from ways of doing domestic transactions," the Ministry of Finance said. While foreign commentators translate Finance Ministry language at their peril, what this seems to mean is that the IBFs will not be allowed to erode the domestic interest rate structure. The shape of the political compromise — the trust and long-term banks will be the establishment of "out-let" IBFs, traded for a commitment to maintain the remaining restrictions on domestic business.

Placating or protecting the trust and long-term banks is, however, only one of the steps that will be needed to establish Tokyo IBFs. The new offshore center would mean a whole new market for Japan's city banks, which dominate foreign-exchange dealing and trade finance — the two activities likely to be the mainstay of the IBFs. Within Japan's regulated financial industry, it is not politically possible to present one sector of the industry with the profits from deregulation without compensating the sectors that have not benefited. A good example arose in April, at the beginning of the current Japanese fiscal year. Banks were allowed to sell government bonds over the counter — a niche of the securities business — but only after the securities houses had been compensated with a niche of the banking business by being allowed to extend loans against the collateral of bonds. Japan's securities houses can, and will, block the IBF idea until they know what is in it for them.

Finally, the Bank of Japan's opposition must be worn down. The bank wants to retain its control of monetary policy, which it sees as threatened by freer interest rates, although its most important objection is that it would be less able to direct banks' lending through its quantitative



Pocket calculators and mini-games in a Tokyo store.

controls if there were alternative sources of funds and alternative lending opportunities through Tokyo IBFs.

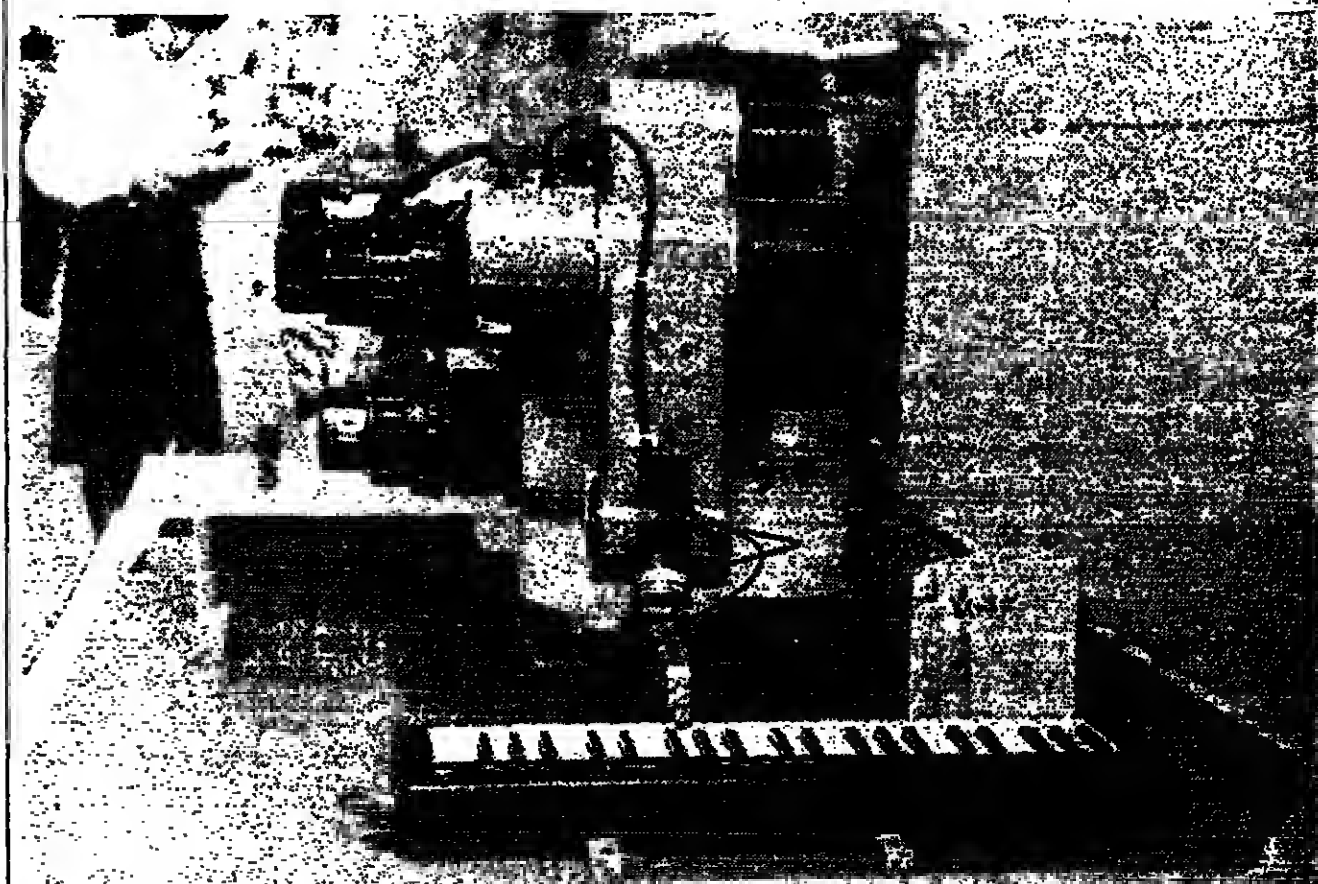
Prospects for offshore banking in Tokyo consequently are worse than at any time in the last three years — a fact that has been noted by overseas critics of the closed nature of Japanese capital and money markets. The U.S. Treasury's undersecretary for monetary affairs, Beryl Sprinkel, told a panel of the House of Representatives' Banking Committee at the end of October that progress toward internationalizing the yen has been "distressingly slow," despite repeated U.S. calls for fewer restrictions on yen flows.

That kind of criticism is, however, rather wide of the mark. Progress toward a formal IBF system has been negligible, but informally the international money and capital markets have taken the yen's internationalization into their own hands. Officially, Tokyo is not an offshore banking center; in practice, the international role of the yen has expanded dramatically during the last year.

Yen-denominated syndicated loans are the only part of the international loan market to continue growing. In the first nine months of this year, there were 66 yen-syndicated loans, together worth some \$65 billion (¥33.7 billion), and the volume of yen lending looks likely to end up around 25 percent higher in 1983 than the 1982 total of \$10 billion (¥3.9 billion). The growth of the yen loan market is dependent on increases in lending quotas, which are administered by the Ministry of Finance, but there is every indication that the ministry will sanction further growth in the market in order to offset Japan's trade and current account surplus.

What has happened to boost use of the yen is that Japan has begun to export capital overseas at a rapid pace. In the fiscal year that ended in September, Japan had a current-account surplus of \$13.2 billion (a record level for any half-year period). By far the largest part of the surplus — some \$9.6 billion — was immediately channeled back overseas in the form of investments and loans. Compared to previous years, more loans are being denominated in yen, partly because it suits Japanese lenders better, partly because borrowers are prepared to take the exchange-rate risk of borrowing yen in order to have the benefit of low yen interest rates, and partly because foreign importers of Japanese goods are increasingly being billed in yen and like to borrow yen. The proportion of Japanese exports priced in yen has now risen to 40 percent — which means that foreign buyers have to arrange to find about 1.2 trillion yen (\$5 billion) every month — and the proportion is still rising.

Observers of Japanese business like to contrast the surface appearance of Japanese business arrangements with the deeper and often darker reality. The analysis is as valid of offshore banking as it is of business in general. There has been no official progress toward IBFs, yet at the same time Japanese banks have taken a greater share of international offshore business and done more in their own currency. Of the top 25 banks involved in international loans, eight are Japanese, and Bank of Tokyo has arranged more syndicated loans this year than any other international bank. In the final analysis, it may not matter to a Japanese city bank whether it puts up its brass plate in Moorgate or in Marunouchi.



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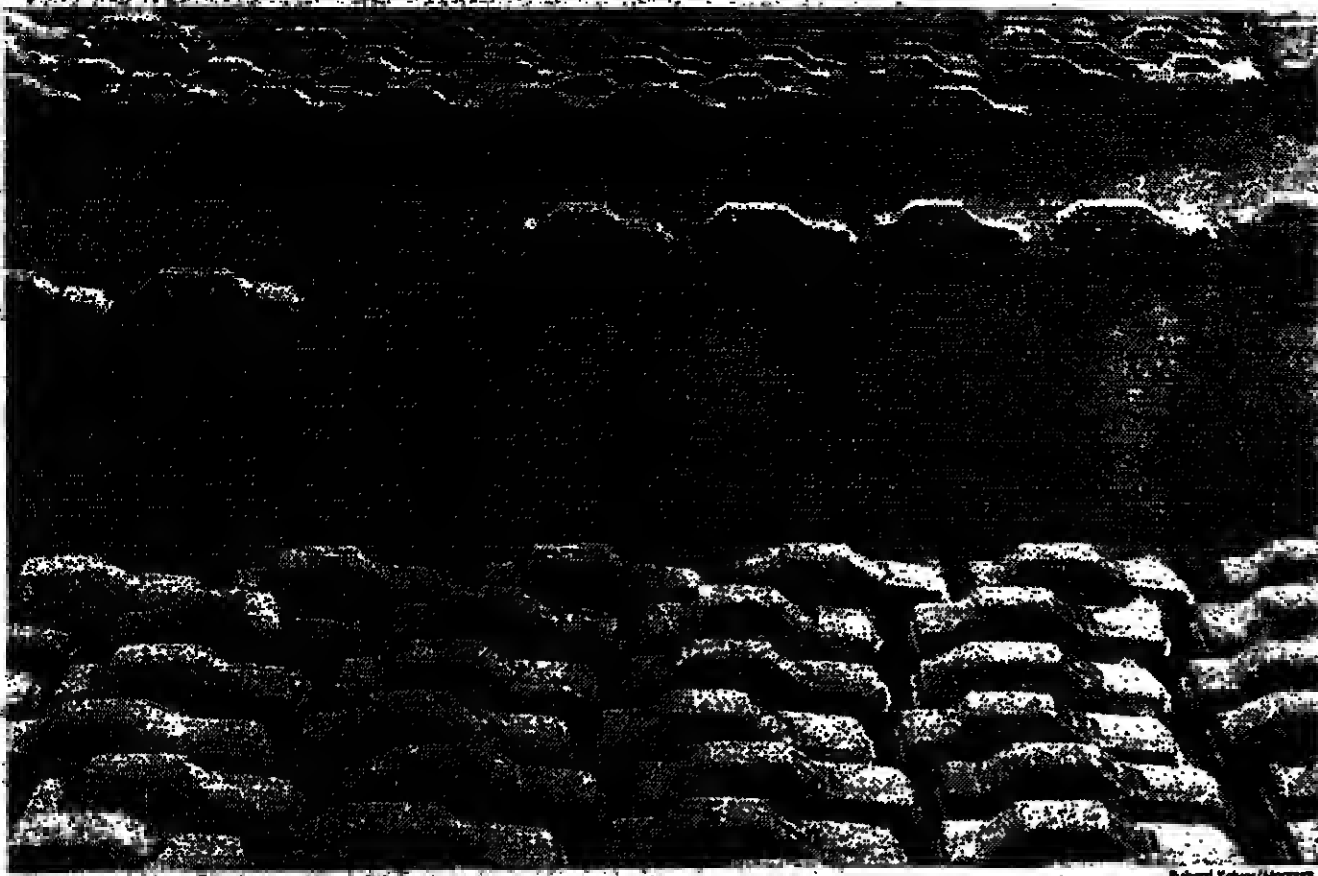
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BANKING AND FINANCE IN ASIA



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Superstars of Region See Firm Recovery

(Continued From Page 7)

orders suggest that they will play an important part in pushing growth to an estimated rate of 9 percent. Overall growth for the first half of this year was 9.6 percent, fueled mostly by government-supported domestic construction. Increases in government expenditure have kept growth steady since an unprecedented drop in the gross national product in 1980. Government spending rose by 21.9 percent in 1981 and 19.1 percent in 1982. This year the government expected to keep spending at the level of 9.8 percent. In 1984, the government will freeze spending at the 1983 level, reflecting the wish to preserve price stability and pursue its current policy of liberalizing the economy. In 1982, for the first time in the country's development history, inflation stayed below 5 percent — the rise in the consumer price index was 4.8 percent, compared with 55 percent only two years before.

All this is part of South Korea's adjustment of its five-year economic and social development plan in its second year, as planned by the late Finance Minister Suh Suk Joon. In July, Mr. Suh said that the plan assumed a 40-percent annual increase in oil prices and a 5-percent growth rate for trade volume, which in fact contracted by 1 percent last year. While merchandise exports are gaining momentum, analysts are slightly worried that a large chunk of current exports (\$13 billion for the first seven months of this year) involves shipping and electronics. It is hoped that increased demand will revive other important industries — textiles, steel, plywood, footwear and other traditional items.

A key concern is growing protectionism against South Korean goods, already a major headache for Hong Kong, which has less heavy industry than Taiwan or South Korea, and is depending on its two leading manufacturing sectors — textiles and electronics — to make the most of an export-led recovery based on renewed U.S. demand.

Provisional third-quarter figures for Hong Kong show a 49-percent increase from the same period in 1982 for exports to the United States alone, and a 20-percent increase for the world in general. It appears that Hong Kong leads the world in saving economic fundamentals.

Latest projections put Hong Kong's 1983 growth rate at 5.5 percent to 6 percent, up from 1982's unusually low 2.4 percent. While manufacturing is the engine for growth, property and other sectors are still sluggish, and investment still lags seriously behind growth in manufacturing demand.

Inflation is about the same as last year's 11 percent, while increased orders in factories has pushed unemployment down to 3.9 percent, effectively the colony's minimum. The slide of the local currency, caused primarily by demand for U.S. dollars in the face of political uncertainty, was arrested for the time being by a government measure to link the local currency to the U.S. dollar through a mechanism with the two note-issuing banks. It is hoped that interest rates, which have risen due to a sudden squeeze on the local currency, will settle down, once the market accepts the government's attempt to

stabilize the dollar at the rate of 7.80 Hong Kong dollars to \$1.

In contrast, Singapore has had the problem of too strong a currency, if anything. Worldwide recession only hit the small island republic in 1982, which in Singaporean terms means a drop in growth from its average of 9 percent to 10 percent down to 7 percent. Like its three neighbors, however, Singapore has rebounded on the back of U.S. demand, enough to adjust its early estimated 1983 growth rate figure of 3 to 4 percent up to 4 to 5 percent.

The only problem with depending on U.S. demand is that Singapore has never diversified its export base and has remained too dependent on a concentrated base of multinational corporations that have inhibited its entrepreneurial potential. Moreover, it has let the oil industry dominate its manufacturing output to the tune of 60 percent. First-half manufacturing output fell 7 percent from a year earlier, and Singapore, like South Korea, sustained growth by speeding up government construction expenditure plans.

Inflation, which was 4 percent last year, will slow to 2 percent this year, and although Singapore's labor shortage continues, the government wage program has ended and workers' wages will increase to only between 3.8 and 7.7 percent. (Last year's guideline was 15 percent).

The question often arises as to whether the success of these four could be imitated by others with cheap labor supplies, good educational systems and stable political administrations. In the opinion of a government official in Macau, where new policies aim to boost growth through foreign investment, the days of "the three Ts" — textiles, toys and transistors — are over.

Slowed Loan Growth Fails to Curb Hong Kong

(Continued From Page 7)

often funded. Singapore has introduced a number of incentives in the last two years, aimed at encouraging banks with bases there to get more management business. It is as yet too early to gauge the success of these measures.

During its first two years, Singapore attracted such a wealth of deposits that it became a net supplier of funds to the Asian Dollar Market. But as demand from regional borrowers grew, these funds had to be supplemented with interbank borrowings from London and other Euro-markets.

Today, these interbank funds account for almost 60 percent of ACU's total liabilities, with most of the rest accounted for by the deposits of nonbank customers (18 percent) and inter-ACU borrowings (also 18 percent).

This is not a bad showing for a center serving a region still largely composed of developing countries, where cash managers do not have the same level of surplus funds looking for a safe, short-term resting place as do their counterparts in Europe and the United States.

The same is true of Hong Kong, which has enjoyed explosive growth in its foreign-currency deposits from nonbank customers since March 1982, when it removed the 15-percent withholding tax imposed on interest earned on such assets, by residents and nonresidents alike.

It was Hong Kong's reluctance and Singapore's preparedness to take this step in the 1960s that led, in part, to the location of the Asian Dollar Market in Singapore.

At the end of June this year, Hong Kong's foreign-currency deposits from nonbank customers stood at \$17 billion — more than three times the level of December 1981. A further 10-percent increase — \$17.9 billion — followed in the third quarter of 1983. It was during this period that the Hong Kong dollar went into what looked like an unstoppable slide and many local currency deposits were converted into U.S. dollars. It is in this currency that they seem likely to stay, despite recent effective measures to stabilize the local unit.

With foreign-currency deposit holdings now equivalent to 29 percent of their outstanding overseas loans, Hong Kong-based institutions should in future be able to scale down their international interbank borrowings.

But local bankers dismiss the notion that their growing U.S. dollar-deposit liabilities will lead to the accelerated development of more local issues of sophisticated investment instruments — such as certificates of deposit, floating rate notes or bonds — similarly denominated.

In arguing this, the bankers point to three factors: the overall decline in demand for commercial funds by Asia-Pacific borrowers; the access many more creditworthy regional borrowers have recently gained to other overseas credit markets; and the history of the Singapore-based Asian Dollar Bond Market, which more than one banker has described as "virtually moribund."

In the first half of this year, Asia-Pacific borrowers signed up for syndicated loans of \$9.9 billion — compared with \$11.1 billion in the first half of 1982. In tandem with this trend, was the decline in the number of overseas institutions seeking to set up branches or deposit-taking companies in the territory. In the recent past the influx of such entities — all seeking to book loan assets almost immediately made for a steep decline in the number and value of locally issued U.S. dollar certificates of deposit, the proceeds of which were needed to fund such loans.

Experience in the first half of this year is not in concert with this received wisdom, however, since issues of U.S. dollar certificates of deposit during that period were worth \$250 million, compared with \$225 million in the first semester of 1982.

The same figures for Singapore registered an even more dramatic rise — from \$375 million in the first half 1982 to \$705 million in the corresponding 1983 period. Meanwhile, the access borrowers have gained to overseas credit markets does not necessarily mean a downturn in business for the Asia-Pacific units of foreign banks.

The success many regional borrowers have enjoyed in the U.S. domestic commercial paper markets, for example, is often attributed to their being backed with standby letters of credit issued by the U.S. parents of local bank branches that have developed a relationship with the borrower.

Similarly, their successful issuance of floating-rate notes in London has frequently been

enabled by their track record in issuing identical paper in Asia. And while international banks highly competitive units in Hong Kong and Singapore would like to keep such business to themselves, they bow to borrowers' perception that in alternating managers and markets they maximize the numbers of investors willing to purchase their paper.

Privately though, they say that given present-day telecommunications marketing methods this could, in large part, be a myth. There are few opposing views on the sad fate of the Asian Dollar Bond Market.

To underline their judgment, many point to what happened to the European Investment Bank's 1976 Asian issue, which matured on Nov. 1 this year. Made in 1976, almost simultaneously with an issue in London, the Singapore issue failed to find any true end investors in the region and quickly washed up in the European secondary markets at prices that could only be described as meager, given those commanded by its London-issued counterpart.

By 1982, even the stalwart and partly Singapore-government owned — Development Bank of Singapore was seeking to London to make a \$75-million seven-year issue with a coupon of 15.5 percent, after its 1972 \$10-million issue in Singapore matured.

But DBS proved not to be lost to Asian markets forever. On Nov. 1 this year, it launched an innovative \$70-million convertible issue that is listed in both Luxembourg and Singapore. The management group of this issue includes Singapore-based institutions.

Just before the DBS flotation the World Bank announced in New York that it was to issue \$100 million worth of bonds in Asian markets, which it had previously avoided doing. But closer examination of the structure of the deal shows that it is not at all as it first appeared to be. For the 14 Asia-Pacific and Middle East-based managers of the issue agreed not simply to underwrite sales of it but to take and hold the paper on their books — making it more akin to a bank loan than a bond issue.

As one Hong Kong banker put it: "If, given its history to date, what we are really about is developing a true Asian Dollar Bond Market, then this is, almost to perfection, the definition of just what we don't need."

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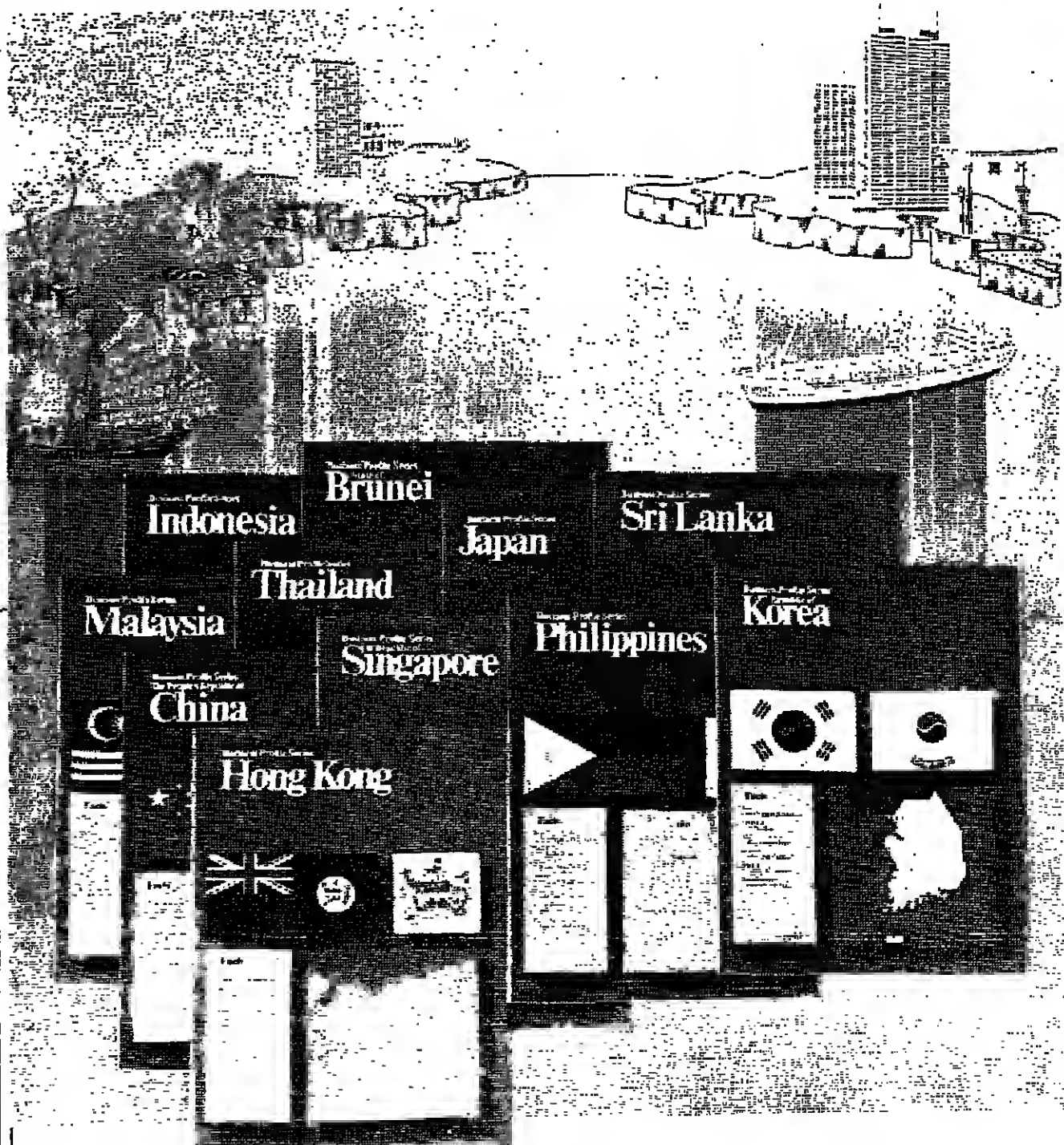
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BANKING AND FINANCE IN ASIA

South Korea: Scandals Blemish Economic Record

Special to the IHT

SEOUL — South Korea's rapid economic growth and its growing industrial and exporting sophistication have not been matched by a similar maturity in its financial and banking system.

In 1982 and 1983 there were major financial scandals involving hundreds of millions of dollars and corrupt dealings by officials of some of the biggest banks and securities companies.

The government has started what it terms a banking revolution, but all the indications are that the political problems of setting the banking structures right are too difficult to grasp. A major difficulty is that Korea has not one but two financial systems running parallel. Like other countries it has commercial banks, called city banks; like many other countries, it closely regulates these banks to see that loans are available at cheap rates to feed the economic progress, of which it is justly proud. Unfortunately, the funds provided by the banks are not sufficient and businesses have to resort to the privately run korb market for money to fill the gap.

Lending rates in the korb markets have recently been two to three times higher than those offered by the banks. The market is legal, but its recent history shows that lenders in that market indulge in dubious and shady dealings. In the scandals bankers have been caught using their privileged position to help korb market deals — when the appropriate payoff has been made to the bankers.

One of this year's scandals involved Sambo Securities, one of the largest Korean brokerage houses, with about 15 percent of total business; another involved the Cho-Hung Bank, which forced the resignation of its president. Some of those

involved have boasted of powerful connections. In a scandal last year, one of the main figures was a money lender related by marriage to an uncle of the first lady, Lee Soon-Ja. The uncle was also convicted of peddling influence and taking bribes. In a property scandal this year, the developer let it be known that he knew the first lady's father. The government denies that there was any connection, but even the imagined links have smeared the reputation of President Chun Doo Kwan as a fighter of corruption.

The government is taking important steps to change the banking structure. Recently, two new city banks have been set up, taking the total to seven. One of the new banks, the Korean-American Bank, a partnership between Korean interests and Bank of America, was headed by Kim Mahn Jae, who left it in October to become finance minister. Another change was to transfer the ownership of the big commercial banks into private hands, reversing the nationalization decree of former President Park Chung Hee.

The measures were not quite as sweeping as they seem. The Korea Exchange Bank — not one of the city banks but the country's biggest bank — is still in government hands, as are specialized banks like the Export-Import Bank. More important, private shareholders may own the city banks but they have not yet been given management control. This means that what looks like a revolutionary change is little more than cosmetic. One problem is that when the government moved out of the banks powerful industrial and trading groups moved in with large shareholdings. Daewoo took about a quarter of Korea First Bank, and Hyundai bought about 10 percent shares in three banks.

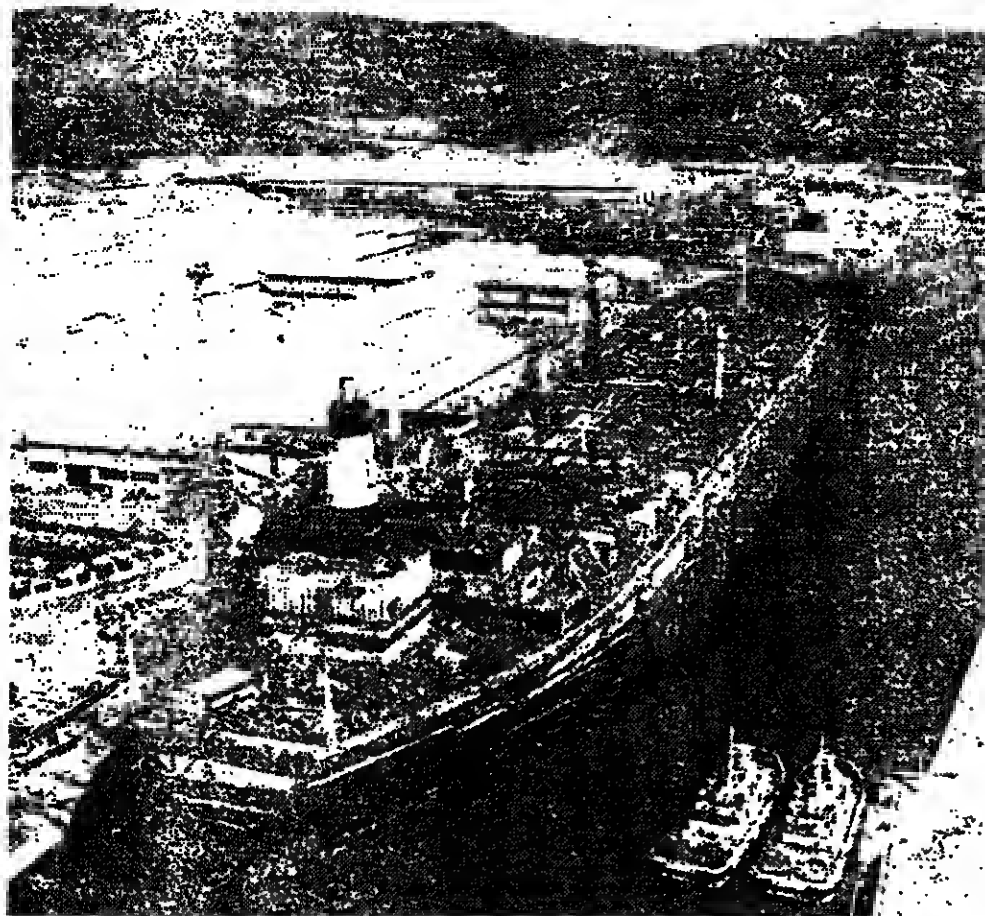
Seeing this, the government decided that no one shareholder could own more than 7.5 percent of a bank. Until

these shareholdings are reduced, it is not likely that shareholders will be allowed to choose bank management. A senior finance official said, "Banks should be autonomous of the big industrial groups; that is why I feel we cannot transfer to them the power of choosing management."

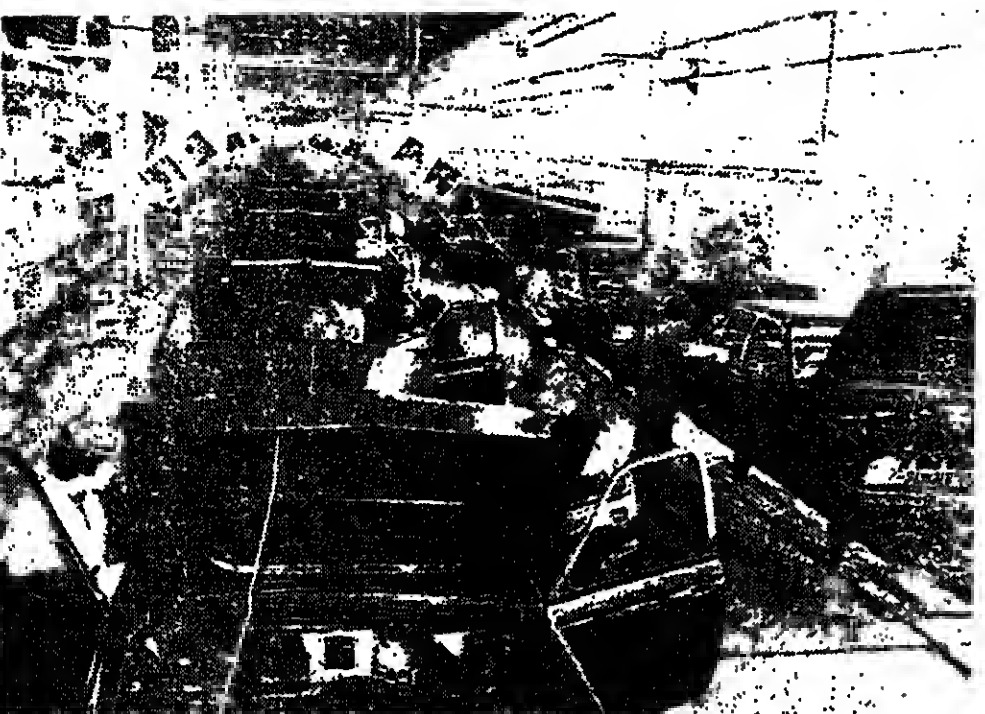
These changes sidestep the main issue of cleaning up the financial markets and giving Korea a reputation in banking equal to that of industry. The highly regarded technicians running the finance portfolios last year came up with important reform proposals. They talked of merging the korb market with the main banking system; they wanted interest rates to rise to diminish the role of the korb market; they also suggested a bank with bank accounts under assumed names, a device that has helped the korb market to flourish. Their argument is that market forces, rather than the heavy hand of government, should be allowed to regulate markets.

If people could earn as much in the banks as they do by supplying funds to the korb market, then the korb would lose much of its attraction. But President Chun decreed early this year that interest rates would not rise. One fear was that higher interest rates would also fuel inflation, which the government is trying to curb. This year, while he was at Korea Bank Kim Mahn Jae said that "rigidity in interest rates creates distortions." However, he added that he recognized that in politics one often has to take a step or two back before making a great leap forward.

All the signs are that the government is still backtracking. In November, it promised not a freezing of interest rates or merging of the korb market and the official market, but stiffer penalties, including death, for bank officials found guilty of taking bribes.



The Hyundai shipyards in South Korea.



The South Korean Gemini passenger car assembly line.

Assassination Leads to Economic Chaos in the Philippines

By Sheila Daniel

MANILA — When an assassin shot Benigno S. Aquino Jr. at Manila International Airport on Aug. 21, the bullet not only killed the political opposition's strongest leader but also critically wounded the Philippine economy.

Unlike debt crises that have plagued Brazil, Mexico and other Third World countries, the problems of the Philippines stem mainly from a sudden surge of distrust for the government of President Ferdinand E. Marcos, rather than from fiscal mismanagement. Ironically, in the months leading up to Mr. Aquino's assassination, the country's economy had begun to show signs of recovery from the worldwide recession and a severe drought.

But in the days following the shooting, a massive outpouring of public grief turned to political protest, and business went into its most drastic tailspin since World War II.

Loss of faith in the government was fueled by outrage over the killing, and suspicion of official involvement, persistent rumors about the 66-year-old president's ill health, and the nagging worry over who would succeed Mr. Marcos in the event of his death. Frightened Filipinos rushed to move their money abroad, foreign bankers began calling in their loans, and investment — which had increased sharply earlier in the year — came to a virtual standstill.

As of Oct. 17, Prime Minister Cesar E.A. Virata said, foreign reserves had dwindled to an alarming \$430 million, down from \$2.28 billion on June 30. With more than two months left to go in the year, the country's balance-of-payments deficit had ballooned to \$2.05 billion, nearly double the 1982 record gap of \$1.14 billion. In 1980, by contrast, the deficit was \$570 million. Foreign debt, simultaneously, rose to more than \$20 billion.

Capital flight, estimated to have reached at least \$700 million by mid-October, was only partly to blame for the problems. A severe credit crunch pinched reserves even further as many international lending institutions simply

refused to roll over short-term loans, forcing the central bank to dig deep in order to fulfill its obligations.

Meanwhile, the International Monetary Fund wavered on a request for a credit package sought by government economists to aid in the monetary crisis and help restore some confidence.

To avoid catastrophe, the government asked its 350 creditors worldwide for a 90-day moratorium on principal payments coming due between Oct. 17, 1983, and Jan. 16, 1984, while a debt restructuring was worked out. Mr. Virata and Jaime Laya, governor of the central bank, flew to New York and consequently persuaded 10 of Manila's largest commercial creditors to approve their request. The banking group, headed by Manufacturers Hanover Trust, also formed an advisory committee that is trying to help the government manage its foreign debt.

According to one U.S. banker, whose firm has a large exposure in the Philippines, as of late October most of the remaining 340 creditors were following the lead of the New York group in observing the moratorium. The banks hoped this "breathing spell" would provide enough time for Mr. Marcos and his deputies to put their house in order, although little has been done so far to resolve the problems that caused the initial panic.

The current troubles go back to Aug. 21. One day after the shooting, a Moody's capital flight surged into the millions of dollars, and within two weeks political demonstrations demanding Mr. Marcos's resignation and an end to his 18-year rule became centered in Manila's financial district of Makati. Mr. Marcos and his wife, Imelda, ignored the protests until it became clear that the business elite would stand for nothing less than a fundamental change. At first, Mr. Marcos threatened to arrest demonstrating businessmen but later reversed his stance and began holding meetings with Makati leaders.

One influential entrepreneur who was closely involved in

subsequent talks said the financiers urged Mr. Marcos to set up a credible investigation into Mr. Aquino's murder — something the president's critics said was not being done — and to establish a clear line of political succession.

So far, according to this source and others, Mr. Marcos's response has been less than encouraging. When the original commission of judges appointed to investigate the killing quit en masse because of credibility problems, the president named a second panel composed of figures from the private sector.

Disillusionment has also spread into the Filipino labor force, hard hit by the declining worth of average paychecks. On Jan. 1 the peso was pegged at 9.17 to the U.S. dollar; in June it was formally devalued to 11, and in October it was again devalued, to 14. On the black market, the peso later slipped to as low as 20 to the dollar.

Possibly the one bright spot in an otherwise gloomy situation is a new approach taken by technocrats toward fiscal reforms. On Oct. 15, Mr. Virata announced that bank reserve requirements would be increased from 20 percent to 23 percent in an effort to tighten credit and cut imports and that public companies or publicly controlled firms would receive fewer government subsidies. He also said that private firms would no longer be able to obtain government loan guarantees, signaling a welcome move away from the cronyism that has plagued the economy for more than a decade as the government repeatedly bailed out faltering firms run by friends and relatives of the first family.

But according to a prominent international banker, the best the Philippines can hope for is a return of confidence by 1985, and he predicted that inflation would reach the mid-20s percentage level next year. "I would hope that in the next 12 months exports will pick up, with imports cut to the bone," the source said. "But my fear is a country that will have to be digging itself out of debt for a long time."



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BANKING AND FINANCE IN ASIA

Services Sector Fuels Expansion of Singapore as Regional Center

By Narayanan Balakrishnan
SINGAPORE — Few countries in the world — and certainly none in Asia — have shown such spectacular growth in banking as has Singapore in the last two decades.

Singapore started out as an independent nation in 1965 with no more than the skeletal banking network of a typical British colonial port. In less than two decades it has emerged as a leading financial center in Asia, rivaled only by Hong Kong and Tokyo, and in some respects, even surpassing these two cities.

Financial and business services are still one of the most important and dynamic sectors of Singapore's economy. In the first quarter of this year, 51.9 percent of Singapore's real gross domestic product growth came from this sector. In the second

quarter of this year, the figure was 44 percent.

But there are clear signs that banking in Singapore will have to accommodate itself to a period of slower growth. The plateau period that inevitably follows all spectacular growth, emphatically registered as "consolidation" by insiders, arrived on the Singapore banking scene last year. After growing at a double-digit pace for many years, the assets of Singapore banks slowed to a single-digit pace in 1982, posting a gain of only 8.3 percent. That figure takes on added significance when one takes into account that just a year ago the city-state's banks posted a record growth of 34 percent.

Loans and advances, which in 1981 had risen by 25 percent, slowed to 16.7 percent in 1982 to reach 29.4 billion Singapore dollars. The latest monthly figures

available, for August 1983, show that there has not been any dramatic recovery in banking growth this year. Bank loans and advances at the end of that month totaled 31.75 billion Singapore dollars, a 16-percent increase from August 1982 but only 0.3 percent from that of July 1983.

Why is growth slowing down in Singapore's financial sector? World recession and the anxiety about Third World debt are only partial explanations. Singapore's economy has continued to show healthy growth and there are even indications that the nascent economic recovery in the United States is already benefiting the Singapore economy. (Singapore's economy is expected to grow by about 5 percent this year, down from 6 percent last year.)

As for Third World and Eastern European debt problems, the Singapore banks were prudent enough

to avoid large exposures and have even come out almost unscathed from the collapse of the large property companies of Hong Kong. This is an impressive achievement given the close business connections between Singapore and Hong Kong and how badly the banks from neighboring Malaysia have been hurt by lending to the ill-fated property companies of Hong Kong.

The truth of the matter is, as one British banker put it, "banking in Singapore is suffering from mid-life crisis."

"Its initial, youthful promise has been more than fulfilled," he said. "Now it has to search for more sophisticated, more adult ways to grow. This process is always more difficult and slower, whether for banks or for human beings."

divided into two distinct parts, with only 14 "full" banks allowed to operate in the domestic market. In practice, the number is even smaller than that since the foreign "full" banks have not been allowed to expand their branch network. This leaves the four large banks of Singapore — the Oversea-Chinese Banking Corporation, the Development Bank of Singapore, the United Overseas Bank and the Overseas Union Bank — to practically dominate the domestic retail market, which, with a population of 2.5 million, is in a nearly saturated position. The big four local banks are still growing but not at the giddy rate that they used to.

Most of the foreign banks located in Singapore are offshore banks, concentrating on the foreign exchange and Asia dollar markets. Growth in these two fields has slowed considerably in recent months and competition is getting keener for the business that is there.

It is clear that Singapore has to look for new avenues for future growth of its banking. If it does not, Singapore runs the risk of be-

ing eclipsed by Tokyo when it legalizes offshore activities, which is expected to happen next year.

In their search for new avenues, Singapore's bankers are moving in two different directions. Some are trying to move into more sophisticated activities such as loan syndication, leasing and fund management while others are taking the "back to the basics" approach by concentrating on the trade financing.

Despite its own excellent reputation and the political uncertainty surrounding Hong Kong, Singapore has never been able to equal let alone overtake — Hong Kong as a syndication or fund management center. Even the tax-exempt status granted in Singapore's 1982 budget for loans where the "larger part of syndication process is done in Singapore," has failed to give a fillip to syndication.

Bankers say that it is difficult to prove "local content" in a multi-bank, multinational activity like syndication of a loan. They also say that support operations such as le-

gal services and printing services are still of better quality in Hong Kong than in Singapore.

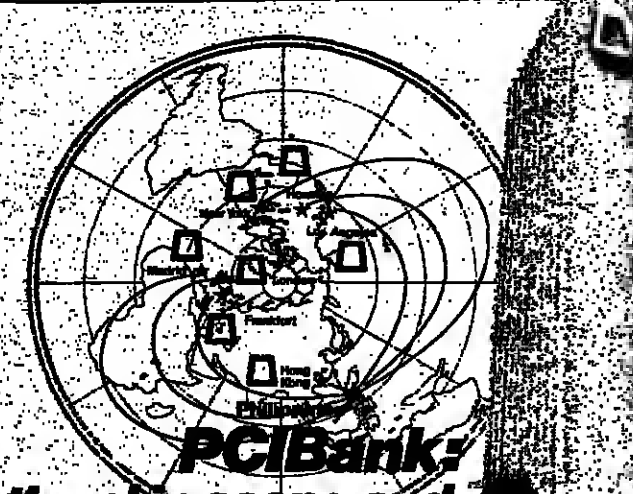
Fund management has also failed to take root in Singapore because of continuing ambiguities in Singapore law about how profit from the trading of fund portfolios will be treated — whether as trading profits or as capital gains.

In their pursuit of the new, some Singapore bankers are eschewing the "sophisticated" fields like syndication and are looking to trade financing to solve their problems. This activity is seen as safer since the time period involved is shorter and since there is usually something tangible that is being traded.

A U.S. banker said: "To hear some of these guys talking about trade financing and its prospects, one would think it is a new invention. They don't seem to remember that this is how the banks started in the first place." As the same banker pointed out, trade financing cannot be a cure-all for the problems of the banks, especially since world trade still shows little signs of vigorous recovery.

But problems or not new banks are still coming into Singapore to set up shop. The latest banks to be granted licenses are the Arab Bank of Amman and the Allied Irish Bank. But unless they innovate, or already have a captive market share, all that the new entries can hope for is to compete for new business in a relatively saturated market. One banker goes so far as to say that 40 percent of the offshore banks in Singapore do not make enough money to pay for the rent and salaries. It is difficult to check such claims since most offshore banks do not publicize their figures. But whatever the bottom line may be, the siren call of Singapore's shores for offshore units still seem to strike a responsive chord among the international bankers.

In a world banking situation filled with giant U.S. and European banks struggling with dubious loans in amounts far exceeding their total equity, the problems of Singapore banks should perhaps be seen in perspective — as a matter calling for some concern but hardly critical.



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Offshore Banking: Taiwan Sets Sights On World Markets

By Donald H. Shapiro

TAIPEI — If legislation is passed by the end of this year as expected, Taiwan plans to put an offshore banking center into operation by next spring. The object is to introduce more modern techniques to Taiwan's banking system and to give it a more international orientation.

Initially, foreign banks will undoubtedly be responsible for the bulk of the offshore banking activity — drawing foreign-currency deposits from abroad and making foreign-currency loans both within Taiwan and overseas. But as they gain experience and expertise, Taiwan's 13 domestic banks authorized to handle foreign-exchange transactions will become increasingly involved in offshore transactions, according to the government's plan.

"This will be a revolutionary development for our banks," said Edward Chien, deputy director of the Finance Ministry's monetary department. "For the first time they will be directly involved in international dealings. As a result the domestic banks will have to upgrade their banking practices. They will need to improve their internal processes and become familiar with market conditions, lending practices, and relevant laws and regulations in foreign countries."

Personnel training has already begun in earnest. This summer, the local banks, most of which are government-owned, sent 33 staff members to the United States for several months' training at leading financial institutions and universities.

The bill being reviewed by the legislature will permit "offshore banking units" in Taiwan to be treated as the equivalent of foreign entities. They will be exempted from existing strict foreign-exchange controls, as well as from reserve requirements and other restrictions on local banking operations. Business income tax and other taxes will also be waived.

Operating an offshore banking unit will enable Taiwan's banks not only to compete for new business but also to widen their service to existing customers. They will be able, for example, to extend credit to the overseas subsidiaries of Taiwan-based corporations or to foreign traders seeking to increase purchases from Taiwan's exporters.

The offshore banking center is also seen as benefiting the economy as a whole by stimulating and upgrading performance in related service sectors, such as accounting, law, brokerage and communications. The Finance Ministry is trying to attract one of the major international brokerage houses to set up a branch in Taiwan, for instance, and earlier this year Taiwan joined the Brussels-based Society for Worldwide International Financial Telecommunications, known as SWIFT. By early 1985, Taiwan will be fully linked to the SWIFT system for instantaneous global communication of documents and data.

Implementation of offshore banking has been only one of a number of projects undertaken by the reform-minded finance minister, Hsu Li-Teh, since he took office two years ago. Other advances include:

- Approval for foreign investment in the leasing business. The first such company, a joint venture of American Express and Taiwan's Bank of Communications, is currently under preparation.

- The opening of Taiwan's stock market to foreign investors on an indirect basis. The newly formed International Investment Trust Co., 49-percent owned by overseas financial institutions, is issuing beneficiary certificates through which foreigners may buy shares in 115 publicly listed companies.

- Preparations for creating Taiwan's first venture capital firms, considered essential for supporting the country's drive to encourage high-technology industries. U.S. venture capitalists are being approached about establishing operations in Taiwan with local investors, possibly including government participation.

The government has also been opening the door for more foreign banks to open branches over the last several years. There are 30 such branches, compared to only 16 at the end of 1979. The influx, however, has led to what many foreign bankers regard as an overly competitive situation.

A recent liberalization, long sought by the foreign banks, will improve their ability to compete for domestic business by giving them the right to accept local-currency time deposits for the first time. They, therefore, have a larger source of funds for making local-currency loans at present.



A welder at work in Taiwan.



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BANKING AND FINANCE IN ASIA

Carrian Affair Causes Banking, Political Problems in Malaysia

By M.G.G. Pillai

KUALA LUMPUR — The losses of Carrian, the Hong Kong conglomerate that crashed when the colony's property market fell apart early this year, are causing waves in the Malaysian political and banking world.

Bank Bumiputra, the government-owned bank that is Malaysia's biggest, is Carrian's major creditor with outstanding loans of about 4 billion Hong Kong dollars.

No one seems to know, or does not want to say, how much Bank Bumiputra or Bumiputra Malaysia Finance, its Hong Kong subsidiary, had loaned to the company. Official disapproval caused Malaysian newspapers to withdraw their special reporters investigating the murder in Hong Kong last July of a senior BME official. But the stonewalling of queries by both the bank and the government, led to rumors of alleged involvement in Carrian by senior members of the government.

The Malaysian government has said that it will set up a commission of inquiry to look into the loans of Carrian.

The prime minister, Datuk Seri Mahathir bin Mo-

bamad, tried to explain the crisis early in October, but many questions remain. It appears that no senior BME or Bank Bumiputra official would be penalized for his role in the Carrian affair beyond being asked to resign.

But the loans to Carrian amount to 50 percent more than the total personal and corporate tax anticipated for 1983; the regulatory bodies, including the Prime Minister's Office and the central bank, reportedly have been lax. Bankers expect further amendments to the banking act to control overseas branches and subsidiaries of Malaysian banks overseas.

Whether other Malaysian banks are involved is not clear. Market sources said that at least two may be. The government could ride out the storm provided there are no further revelations.

This notwithstanding, Malaysia's financial institutions are in fair shape, with a central bank, the Bank Negara Malaysia, noted for its strict control over them. Apart from a panic-induced run on a private bank in the mid-1960s, which led to the government buying into it, there has been no major crisis in the banking community until the present one.

A Bank Negara official said this is partly because of

tight supervision and partly because of the consolidation of the smaller banks into bigger units, the most recent example being the Malaysian United Bank.

Critics said Malaysian banks are not innovative enough. Almost every major bank loan to individuals and firms is backed by fully secured assets: risk-taking, a common practice among banks in Europe and the United States, is something that no Malaysian banker would want to do. That is one reason why they are looking to see how the Bank Islam would fare.

The bank, set up on Islamic principles, is the first in the world operating in a sophisticated banking environment. It does not pay interest on deposits and shares profits accrued from them. Datuk Azman Hashim, chairman of the Arab Malaysian Development Bank, said the success of the bank would depend on its lending officers; the bank would make most of its income from its investment policies.

About 10,000 persons, mostly Moslems, have opened accounts in its first branch in Kuala Lumpur since it opened less than six months ago. But bankers said that finding suitable investments and experienced officials may pose problems. It is believed that Bank Islam has about \$150 million available for investment.

But the need to revamp the banking industry is, nevertheless, becoming evident. Datuk Seri Mahathir recently said the government may allow banks to take equity in companies they lend to, but others thought this was unlikely so long as bankers find loopholes to the banking act. Every amendment to that act was the result of transgressions. Banks cannot lend money to companies in which the directors have even an indirect interest.

The present time is wrong for changes, some sources said, since the banks are constricted by the economic problems of the world. And the government appears not to want changes while the Bank Bumiputra affair remains unsettled. But changes are inevitable. Government spending, and its heavy involvement in industry and other aspects of business, would make the banks change. So far, the reluctance of the banks to be involved in "sure money only" investments has led the authorities to force them to invest in those sectors—such as housing, credit guarantees and small industries. The government has not shied away from cracking the whip when it has to, and in the present context, it would have to do so more frequently than prudence, perhaps, would dictate.



Indonesian workers line up to weigh loads of sulfur carried down from the crater of the Kawah Ijen volcano on Java. The sulfur, which is used in combination with phosphate as a fertilizer, brings each worker an average of \$8 per load.

Negative Trade Balance Clouds Strong Recovery in Thailand

BANGKOK — The World Bank earlier this year praised Thailand as "one of the success stories of the developing world over the past two decades," especially in terms of rapid economic growth and progress against poverty.

Thailand has had its share of problems in 1983, but as the year draws to a close, it appears that the country's economy has lived up to the bank's bright assessment and in some cases exceeded midyear expectations—a result, in large measure, of its maturing financial system.

Among developing countries in Southeast Asia, Thailand outshone its neighbors with an inflation rate of 3.2 percent in the first eight months of 1983 and with an overall growth rate of 6 percent. Last year, the figures

were 6.4 percent and 4.2 percent, respectively, for the corresponding period.

As further evidence of a recovery, in the first half of the year the Thai Board of Investment received applications for assistance in 157 projects valued at \$1.04 billion, more than three times the value of applications in the same period last year. Also, volume on the Securities Exchange of Thailand has more than doubled over 1982, and an even better performance is anticipated next year.

On the negative side, the country's trade deficit in the first nine months exceeded \$2.4 billion and was expected to go as high as \$3 billion by year's end, largely as a result of runaway import growth of 14 percent and a decline of about 11 percent in the value of exports. However, no problem was expected with the balance of payments because the capital account has performed well.

Supachai Panichpakdi, director of the Bank of Thailand governor's office, said in an interview that the central bank was pleased with the economy's overall performance. He pointed out that Thailand has reserves of \$2.8 billion, compared with \$2.6 billion last year. He also said that it had unused standby credits of \$200 million from financial institutions that was signed Oct. 31 with a group of five U.S., British and Japanese firms, carrying interest floating at 0.375 point over Libor, the London interbank offered rate.

Thailand also borrowed \$393 million from the World Bank in 1983, accounting for 10.5 percent of loans given by the bank to Southeast Asian countries.

It is hoped that the status of exports will improve when the world recovery broadens to improve prices of Thailand's staple commodities such as rice, maize, sugar, tapioca and others, Mr. Supachai said. However, he said: "I'm worried about imports. We don't overborrow like other countries, and we've reduced trade barriers [in response to international pressure]. But when we do reduce barriers we have to be able to pay for the increase in import demand. We may have to postpone some of our imports for large projects—for equipment, factories—so we don't have unmet demand."

Thailand's largest project on the drawing boards is a \$4-billion plan to develop the eastern seaboard of the Gulf of Thailand in order to relieve pressure on overcrowded Bangkok, as well as to take advantage of natural gas now coming onshore.

Program consultants have estimated that about 60 percent of the financing for industrial projects and infrastructure would have to come from foreign sources, however, and it is feared that the heavy cost of foreign exchange would outweigh the amount saved on reduced imports.

"I think only part of the eastern seaboard will go through," Mr. Supachai said. "Expansion should be in areas that are not too reliant on

the world situation, or in projects that can be financed cheaply by the World Bank and the International Monetary Fund, for example."

Thailand's commercial banks, meanwhile, have come to share the central bank's more cautious attitude while upgrading their operations and reducing their dependence on the government's guiding influence. In the last year there has been the first substantial implementation of central bank regulations designed four years ago to bolster professionalism in the banking system. These included flexible interest rates, divestiture, more selective credit control and a moving away from the traditional family-business type of bank operations that have hampered improvement in the past and that still cause some problems.

The country's 16 Thai-owned banks have also grown substantially. According to the central bank, lending in the first eight months of 1983 rose 23 percent from a year earlier and deposits rose 27 percent in the same period. In October, the board of directors of Thai Farmers Bank, the country's third largest, decided to raise its registered capital from \$43.5 million to \$174 million. Thailand's largest commercial bank, the Bangkok Bank, also plans to double its registered capital from \$130 million to \$260 million. The bank, which is also the largest in the region, has recently expanded its merchant banking services and has taken a lead in syndication of loans for Southeast Asia.

But late in the year, bankers and government officials got a harsh reminder of just how far the system has yet to go when three finance companies went out of business and a run on a fourth forced it to stop redeeming promissory notes.

At the request of the government, the 16 banks and 30 top finance companies put together a \$348-million package to pump liquidity into the system and help the cash-short finance companies by buying some of their assets. Thailand's 112 finance companies proliferated in the 1970s and were virtually unregulated until 1979. Even after that date, poor management continued to be widespread, with many companies making loans to friends and relatives of their directors.

Following the recent crisis, bankers called on authorities to impose harsh penalties against companies involved in illegal practices, even suggesting that the central bank allow weaker firms to collapse. In response, Mr. Supachai, of the central bank, promised that in the future the bank would not keep bad companies afloat. Such a move would be consistent with the government's aim to promote a banking sector that is strong enough internally to compete on the international market.

—SHEILA DANIEL

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Indonesia Injects Competition Into Bank System

Special to the IHT

JAKARTA — At a single stroke on June 1 this year, the Indonesian government changed the whole environment for the country's banks. Until then, the government-owned commercial banks, which take the lion's share of the banking business, had been carefully controlled by Bank Indonesia, the central bank, and were instructed on what interest rates they could pay. From June, the banks were freed to seek money in the marketplace.

"Until June, the state bankers were glorified bureaucrats obeying instructions, but now they have to become bankers and compete in the marketplace," a foreign banker in Jakarta said. "It's a whole new ballgame."

Indonesia's traditionally sleepy financial markets were awakened. Queues began to form outside the state banks as people sought to deposit money at the higher rates that the banks were forced to pay. Money came flooding in from outside the country and from traditional hiding places, such as mattresses. Short-term deposits with the state banks rose from 76 billion rupiahs at the end of May to almost 700 billion rupiahs by September.

The liberalization moves had been urged as

essential to improve efficiency and to eliminate waste. For a government facing lower prices for its main exports, oil and gas, and staring at budget and current-account problems, it was a winning argument. Previously, the big state corporations and the government itself provided funds to the state banks on which they earned low interest rates since deposit rates were set at artificially low rates of 6 to 9 percent, less than half the market rates.

Indonesia has a large number of banks, but many of them are small and in private hands. The center stage is occupied by the five large state commercial banks, which have several hundred branches and account for almost 80 percent of total deposits and loans. Before June the state banks were carefully directed by Bank Indonesia regarding credit ceilings and interest rates.

The theory of the controlled banking activities was, to quote one state bank director, that "the state banks are the beachhead of development and have to undertake activities that the other banks will not."

The biggest category of banks, totaling more than 70, are the private banks. But they account for only 11 percent of the banking business.

Many of the private banks are linked with industrial groups controlled by rich Chinese families. The largest private bank is Bank Central Asia, controlled by Lian Sioc Liong and his family, which is probably the biggest Indonesian group, with a diversity of industrial interests.

Many of the smaller private banks are little more than coffee-shop operations. Bank Indonesia has been encouraging mergers and amalgamations, so that 10 to 12 strong banks might be formed. But banking licenses are valuable commodities and are surrendered reluctantly.

Foreign banks take up the remaining 7 to 8 percent of the banking business, but they are highly restricted. Only 11 banks have full branches, with another 60 limited to representative offices, and all offices are confined to the capital, Jakarta. The foreign bankers say that they have brought a much-needed competitive element. Some foreign banks are also advising the big Indonesian banks about improving their operations. Big Indonesian companies rely heavily on the foreign banks for funds. But in nationalistic Indonesia, it is unlikely that the foreigners can expect new freedoms or privileges.

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TUESDAY, NOVEMBER 22, 1983

COMMODITIES

By SETH MYDANS

U.S. Scholars See Soviet Resources Having Only Limited Impact in '80s

NEW YORK — Buried deep under the permafrost of Siberia lies one of the world's great storehouses of natural resources, with the potential for transforming the world economy.

But the remoteness of the resources and the difficulties the Soviet Union is encountering in extracting them mean that Soviet exports will have only a limited impact on markets for raw materials in the near future, according to a new 700-page study that looks to the end of the decade.

The book, published by the University of Chicago Press, was edited by Robert C. Jensen, chairman of the geography department at Syracuse University; Theodore Shabad, editor of "Soviet Geography: Review and Translation" and a copy editor at The New York Times; and Arthur W. Wright, chairman of the economics department at the University of Connecticut.

"Our investigation suggests that Soviet resource potential is likely to be more limited in the period to 1990 than previously thought," says the study, "Soviet Natural Resources in the World Economy." It adds that the resources "will not play a decisive role in world markets" during this decade.

This conclusion runs counter to the hopes of the 1970s, when a new Soviet willingness to export and the decision to construct the Baku-Amur rail line into the heart of Siberia, amidst rising prices of many resources to make détente-era trade seem the wave of the future.

The conclusion also counters fears raised during that same period that huge Soviet exports could be used for political ends in a "resource war" in which Moscow would seek to control world resources to keep them out of Western hands.

At the same time, the report cautions that Soviet resources, both tapped and untapped, are so extensive that, although concerted Western trade sanctions could hurt its economy, the Soviet Union would probably make through without being forced to modify its foreign policy.

Despite realistic estimates of official Soviet data, the study, financed by the National Science Foundation and involving more than 50 scholars, assessed what one specialist called "a wonderful encyclopedia and catalogue of the resources and the problems in exploiting them."

The specialist, Robert Campbell of the Indiana University economics department, said that, although currently "the outlook for expansion of trade is less optimistic," in the long run "this is a great storehouse of minerals, whatever the political ups and downs."

In an extensive examination of the resources of Siberia and other regions of the Soviet Union, the study by the Association of American Geographers tells the story of a richly endowed giant whose very size is an impediment.

The Soviet Union is the world's leading producer of oil, iron ore, timber, manganese and titanium, and second in natural gas, coal, gold and chromium. It has huge reserves of untapped fuels and minerals. But, according to the report, it often faces costs for transportation and regional development that make its own raw materials more expensive than imported resources are for some other nations.

Its hard-currency earnings from exports to the West are further reduced by its commitment to supply the East bloc allies and by the fact that the Soviet Union is by far its own biggest customer, consuming, for example, fully three-fourths of its oil production, 85 percent of its gas, 85 percent of its iron ore and more than 95 percent of its coal.

In terms of natural resources, the Soviet Union is virtually two nations, with a densely populated European sector hungry for raw materials that are provided by the vast, underdeveloped territory east of the Ural Mountains.

This division is reflected in the nation's trade relationship with the rest of the world, where it plays the traditional role of a developing country, exporting raw materials in return for the technology it uses to exploit them.

Because the Soviet Union will continue to lag in developing technology of its own, the study predicts, the Russians "will be exporting raw materials perhaps more than they might like because they have little else to sell in hard-currency markets."

The Soviet Union's oil exports alone earn more than half the foreign exchange needed for purchases of grain and industrial equipment. As oil exports begin to decline, exports of natural gas are taking their place.

Over the past decade, the study says, Moscow has made a radical shift in strategy, from a policy of self-sufficiency that dates from the czars, to one of cautious involvement in the world economy. For the short run, at least, it has therefore become sensitive to shifts in world markets and has lost the power to determine its own economic policies entirely independently.

New York Times Service

CURRENCY RATES

Interbank exchange rates for Nov. 21, excluding bank service charges

	U.S.	West Germany	France	Japan	Switzerland	Italy	Spain	U.K.
American Express	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of America	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Montreal	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Paris	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Tokyo	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Victoria	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of West	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Zurich	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of London	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of New York	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of San Francisco	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Seattle	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Portland	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Los Angeles	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of San Diego	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Phoenix	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Dallas	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Houston	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of New Orleans	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Miami	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Fort Worth	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of San Antonio	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Austin	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of El Paso	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Albuquerque	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Santa Fe	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Las Vegas	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Reno	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Sacramento	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of San Jose	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Fresno	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Modesto	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Stockton	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Merced	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Yuba City	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Porterville	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Hanford	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Corcoran	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Wasco	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Arvin	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Lemoore	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Madera	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Merced	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Yuba City	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Porterville	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Hanford	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Corcoran	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Wasco	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Arvin	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Lemoore	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Madera	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Merced	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Yuba City	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
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Bank of Yuba City	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Porterville	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Hanford	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Corcoran	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Wasco	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
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Bank of Merced	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Yuba City	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Porterville	1.00	1.75	1.66	1.38	1.48	1.36	1.66	0.71
Bank of Hanford	1.00	1.75	1.66	1.38	1.48	1.36		

NYSE Most Actives					
	Vol.	High	Low	Close	Chng
ATT W	81649	19 1/2	19 1/4	19 1/2	+ 1/4
IBM	35844	64	63 3/4	64	+ 1/4
DanRS	24261	24 1/2	23 3/4	24 1/2	+ 1/4
SupRI	18554	37	36 3/4	37	+ 1/4
PG&E	17778	9 1/4	9	9 1/4	+ 1/4
GP U	15552	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	12577	12 1/2	12 1/4	12 1/2	+ 1/4
AMTMO	9650	14 1/2	14 1/4	14 1/2	+ 1/4
AMR CP	8140	39 1/2	39 1/4	39 1/2	+ 1/4
IBM	7773	12 1/2	12 1/4	12 1/2	+ 1/4
ENCPA S	7754	28 1/2	28 1/4	28 1/2	+ 1/4
DeleCAR	7541	42	41 1/4	42	+ 1/4
AMER S	7500	29 1/2	29 1/4	29 1/2	+ 1/4
FLOPL	7286	42 1/2	42 1/4	42 1/2	+ 1/4
NEOSUI	6980	13 1/2	13 1/4	13 1/2	+ 1/4

Dow Jones Averages									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NYSE	2,412.12	2,418.12	2,408.12	2,415.12	+ 3.00	NYSE	2,412.12	2,418.12	2,408.12
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00
NYSE	2,412.12	2,418.12	2,408.12	2,415.12	+ 3.00	NYSE	2,412.12	2,418.12	2,408.12
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00

NYSE Index									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NYSE	2,412.12	2,418.12	2,408.12	2,415.12	+ 3.00	NYSE	2,412.12	2,418.12	2,408.12
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00
NYSE	2,412.12	2,418.12	2,408.12	2,415.12	+ 3.00	NYSE	2,412.12	2,418.12	2,408.12
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00

Monday's NYSE Closing									
Vol.	4 p.m.	5 p.m.	6 p.m.	7 p.m.	8 p.m.	Vol.	4 p.m.	5 p.m.	6 p.m.
NYSE	2,412.12	2,418.12	2,408.12	2,415.12	+ 3.00	NYSE	2,412.12	2,418.12	2,408.12
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00
NYSE	2,412.12	2,418.12	2,408.12	2,415.12	+ 3.00	NYSE	2,412.12	2,418.12	2,408.12
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00

AMEX Diaries									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00

NASDAQ Index									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00
AMEX	1,000.00	1,005.00	995.00	1,002.00	+ 2.00	AMEX	1,000.00	1,005.00	995.00
NASDAQ	1,500.00	1,505.00	1,495.00	1,502.00	+ 2.00	NASDAQ	1,500.00	1,505.00	1,495.00

AMEX Most Actives									
Symbol	Vol.	High	Low	Close	Chg.	Symbol	Vol.	High	Low
AT&T	1,147,000	24 1/2	24 1/4	24 1/2	+ 1/4	IBM	1,000,000	100 1/2	100 1/4
IBM	1,000,000	100 1/2	100 1/4	100 1/2	+ 1/4	GE	800,000	30 1/2	30 1/4
GE	800,000	30 1/2	30 1/4	30 1/2	+ 1/4	AMC	700,000	15 1/2	15 1/4
AMC	700,000	15 1/2	15 1/4	15 1/2	+ 1/4	AMT	600,000	12 1/2	12 1/4
AMT	600,000	12 1/2	12 1/4	12 1/2	+ 1/4	AMR	500,000	10 1/2	10 1/4
AMR	500,000	10 1/2	10 1/4	10 1/2	+ 1/4	AMN	400,000	8 1/2	8 1/4
AMN	400,000	8 1/2	8 1/4	8 1/2	+ 1/4	AMJ	300,000	6 1/2	6 1/4
AMJ	300,000	6 1/2	6 1/4	6 1/2	+ 1/4	AMK	200,000	4 1/2	4 1/4
AMK	200,000	4 1/2	4 1/4	4 1/2	+ 1/4	AML	100,000	2 1/2	2 1/4
AML	100,000	2 1/2	2 1/4	2 1/2	+ 1/4	AMM	50,000	1 1/2	1 1/4
AMM	50,000	1 1/2	1 1/4	1 1/2	+ 1/4	AMN	25,000	1 1/4	1 1/2
AMN	25,000	1 1/4	1 1/2	1 1/2	+ 1/4	AMO	10,000	1 1/2	1 1/4
AMO	10,000	1 1/2	1 1/4	1 1/2	+ 1/4	AMP	5,000	1 1/4	1 1/2
AMP	5,000	1 1/4	1 1/2	1 1/2	+ 1/4	AMQ	2,500	1 1/2	1 1/4
AMQ	2,500	1 1/2	1 1/4	1 1/2	+ 1/4	AMR	1,000	1 1/4	1 1/2
AMR	1,000	1 1/4	1 1/2	1 1/2	+ 1/4	AMS	500	1 1/2	1 1/4
AMS	500	1 1/2	1 1/4	1 1/2	+ 1/4	AMT	250	1 1/4	1 1/2
AMT	250	1 1/4	1 1/2	1 1/2	+ 1/4	AMU	100	1 1/2	1 1/4
AMU	100	1 1/2	1 1/4	1 1/2	+ 1/4	AMV	50	1 1/4	1 1/2
AMV	50	1 1/4	1 1/2	1 1/2	+ 1/4	AMW	25	1 1/2	1 1/4
AMW	25	1 1/2	1 1/4	1 1/2	+ 1/4	AMX	10	1 1/4	1 1/2
AMX	10	1 1/4	1 1/2	1 1/2	+ 1/4	AMY	5	1 1/2	1 1/4
AMY	5	1 1/2	1 1/4	1 1/2	+ 1/4	AMZ	2	1 1/4	1 1/2
AMZ	2	1 1/4	1 1/2	1 1/2	+ 1/4				

NYSE Most Actives									
Symbol	Vol.	High	Low	Close	Chg.	Symbol	Vol.	High	Low
AT&T	1,147,000	24 1/2	24 1/4	24 1/2	+ 1/4	IBM	1,000,000	100 1/2	100 1/4
IBM	1,000,000	100 1/2	100 1/4	100 1/2	+ 1/4	GE	800,000	30 1/2	30 1/4
GE	800,000	30 1/2	30 1/4	30 1/2	+ 1/4	AMC	700,000	15 1/2	15 1/4
AMC	700,000	15 1/2	15 1/4	15 1/2	+ 1/4	AMT	600,000	12 1/2	12 1/4
AMT	600,000	12 1/2	12 1/4	12 1/2	+ 1/4	AMR	500,000	10 1/2	10 1/4
AMR	500,000	10 1/2	10 1/4	10 1/2	+ 1/4	AMN	400,000	8 1/2	8 1/4
AMN	400,000	8 1/2	8 1/4	8 1/2	+ 1/4	AMJ	300,000	6 1/2	6 1/4
AMJ	300,000	6 1/2	6 1/4	6 1/2	+ 1/4	AMK	200,000	4 1/2	4 1/4
AMK	200,000	4 1/2	4 1/4	4 1/2	+ 1/4	AML	100,000	2 1/2	2 1/4
AML	100,000	2 1/2	2 1/4	2 1/2	+ 1/4	AMM	50,000	1 1/2	1 1/4
AMM	50,000	1 1/2	1 1/4	1 1/2	+ 1/4	AMN	25,000	1 1/4	1 1/2
AMN	25,000	1 1/4	1 1/2	1 1/2	+ 1/4	AMO	10,000	1 1/2	1 1/4
AMO	10,000	1 1/2	1 1/4	1 1/2	+ 1/4	AMP	5,000	1 1/4	1 1/2
AMP	5,000	1 1/4	1 1/2	1 1/2	+ 1/4	AMQ	2,500	1 1/2	1 1/4
AMQ	2,500	1 1/2	1 1/4	1 1/2	+ 1/4	AMR	1,000	1 1/4	1 1/2
AMR	1,000	1 1/4	1 1/2	1 1/2	+ 1/4	AMS	500	1 1/2	1 1/4
AMS	500	1 1/2	1 1/4	1 1/2	+ 1/4	AMT	250	1 1/4	1 1/2
AMT	250	1 1/4	1 1/2	1 1/2	+ 1/4	AMU	100	1 1/2	1 1/4
AMU	100	1 1/2	1 1/4	1 1/2	+ 1/4	AMV	50	1 1/4	1 1/2
AMV	50	1 1/4	1 1/2	1 1/2	+ 1/4	AMW	25	1 1/2	1 1/4
AMW	25	1 1/2	1 1/4	1 1/2	+ 1/4	AMX	10	1 1/4	1 1/2
AMX	10	1 1/4	1 1/2	1 1/2	+ 1/4	AMY	5	1 1/2	1 1/4
AMY	5	1 1/2	1 1/4	1 1/2	+ 1/4	AMZ	2	1 1/4	1 1/2
AMZ	2	1 1/4	1 1/2	1 1/2	+ 1/4				

New AT&T Listings

The Associated Press

NEW YORK — Here is how the eight new companies created by the breakup of American Telephone & Telegraph appear in the stock listings.

AT&T remains in its usual place in the tables and retains the abbreviation "AT&T." The new AT&T stock, which will be for AT&T after the breakup, will be carried as "AT&T w." The "w" footnote denotes that the new stock will be trading on a "when issued" basis.

Each of the seven new regional telephone companies will appear in the stock listings in the appropriate alphabetical order.

Here are the abbreviations of the new companies. All will carry the footnote "w" because they also will be trading on a "when issued" basis.

- American Information Technologies Corp., known as Ameritech: Amtrch w.
- Bell Atlantic Corp.: BellAt w.
- Bell South Corp.: BellSo w.
- Nynex Corp.: Nynx w.
- Pacific Telesis Group: Pctel w.
- Southwestern Bell

BUSINESS BRIEFS

IMF Report Sees Serious Problems

In 1984 Outlook for Italian Economy

ROME (Reuters) — A report by International Monetary Fund economists has concluded that the government's 1984 budget policies are inflationary and that tough additional measures will be needed early next year to ease the country's economic ills, Italian Treasury officials said Monday.

The annual report, released Monday, said Italy had failed to correct its structural problems during the recession. Growth and employment prospects are limited by excessive public spending, it said, while expanding public-sector debt is a time bomb threatening to explode on prices and the balance of payments.

Italy's 13.3 percent inflation rate is double the average rate for most other major industrialized countries, and the IMF report warned that if external recovery pushed up raw materials prices Italy's situation could soon become intolerable.

The government's 1984 budget, aiming to hold the public-sector borrowing requirement, a broad gauge of borrowing needs, unchanged next year at 90 trillion lire (\$35.1 billion), is "a step in the right direction," the report said. But it added that the planned public-sector deficit would be "largely overblown" without new tax measures to reduce the erosion of the fiscal base and limits on pay increases.

EC Joblessness Rises Slightly to 10.5%

BRUSSELS (AP) — Unemployment in the European Community rose in October to 12.4 million, or 10.5 percent of the work force, from 10.4 percent in September, the EC statistical agency, Eurostat, reported Monday.

The agency said the seasonally adjusted figures for September and October indicated that the labor market was stabilizing somewhat. Over the past six months, total unemployment has remained virtually unchanged, Eurostat said, although women's joblessness has increased while men's has dropped slightly.

Eurostat noted, however, that unemployment had jumped from August to September mainly because of the number of people leaving school and entering the labor market. In August the number of unemployed totaled 11.7 million, or 10.1 percent of the labor market.

Yugoslavia May Need \$3 Billion in '84

GENEVA (Reuters) — Yugoslavia may need \$3 billion to \$3.5 billion in new foreign credits next year to help it repay \$3 billion of debt due in 1984, according to a senior Yugoslav official.

Janko Smole, federal secretary in charge of European Community relations, said the borrowing estimate would be below the \$4.5 billion arranged this year in a package involving governments, commercial banks and international institutions.

Delegates at a meeting Friday in Geneva between Mr. Smole and Yugoslavia's main Western creditors expressed a willingness to keep providing credit to Yugoslavia.

Non-Communist Steel Output Rises

BRUSSELS (Reuters) — The world's non-Communist countries produced more crude steel last month than they did at the very depressed levels prevailing a year ago.

New figures from the Brussels-based International Iron and Steel Institute showed that countries reporting to it produced 36 million metric tons of crude steel in October, an 18.6 percent increase from October 1982. In the first 10 months of 1983, however, world output as a whole dropped 1.7 percent from year-earlier levels, to 325.4 million tons.

Mercury, Akroyd Set Purchase Terms

LONDON (Combined Dispatches) — Mercury Securities and Akroyd & Smithers, Britain's second-largest stockbroker, have agreed to the terms for Mercury to take a 29.9 percent interest in Akroyd for about £41 million (\$60.2 million) in cash and securities, the companies said Monday.

In a two-stage operation, Mercury plans to pay £20.98 million in cash and £19.92 million in loan stock convertible into Mercury shares to buy 29.9 percent of Akroyd's enlarged share-capital. Assuming that all the loan stock is converted, Akroyd would own about 8 percent of the shares of Mercury, the parent company of S.G. Warburg merchant bankers.

Trading in Akroyd's resumed Monday and fell to 490 pence a share before closing at 530 pence. Akroyd had traded at 385 pence before being suspended Nov. 14. Mercury, which was not suspended, closed at 478 pence, slightly off from Friday's close of 475 pence. (Reuters, IHT)

U.S. Economists Expect 4.9% Growth From Current Quarter to End of 1984

WASHINGTON — Leading corporate economists expect the U.S. economy to expand 4.9 percent from the fourth quarter of 1983 to the fourth quarter of 1984, according to a report based on a poll of 200 members of the National Association of Business Economists. It said the economists pre-

dicted that growth for calendar 1984 would average 5 percent. The survey showed that the economists expected inflation, as measured by the Consumer Price Index, to run at 5.1 percent from the current quarter to the fourth quarter next year, and to average 5 percent for all of 1984.

The survey group saw relatively little movement in interest rates, predicting that the prime lending rate would be 11 percent in December, dropping to 10.5 percent by June but edging back up to 11.2 percent by December 1984.

The economists predicted that housing starts would total 1.66 million units at an annual rate in the fourth quarter of 1983 and rise to an annual rate of 1.74 million units by the fourth quarter of 1984.

They said they expected new car sales, including imports, to run at an annual rate of 9.9 million in this quarter and rise to 10.3 million annualized in the fourth quarter of 1984. The most optimistic prediction

Angry with Gilmore's action, West Germany's steel industry, Europe's largest, has called for scrapping the agreement without waiting for the ITC decision.

Bethlehem apparently is holding off on filing its suit in order to see how much support it can drum up from other companies and how far the industry's call for quotas will get in Congress. Legislation setting quotas may pass the House, as did the domestic content bill affecting the auto industry, but is unlikely to survive the Senate after Congress reconvenes next year, and in any case would probably face a presidential veto.

Analysts say that, while the chances of a Bethlehem suit's succeeding are not great, they are probably better than the chances of obtaining quota legislation. If the ITC and the president, who can accept or reject the agency's recommendations, ruled in favor of Bethlehem, then one of the administration's options would be to declare a global ceiling on steel imports and negotiate quota allocations with individual countries. That could result in a trade war.

A recent Section 201 suit brought against motorcycle imports by Harley-Davidson Motor Co. was successful, but the stakes would be much higher in a suit involving steel imports.

"The whole resolution of such a suit would be political," said Robert Crumley, an economist at the Brookings Institution. "I doubt it would win, but if Pennsylvania and Indiana remained in the balance in the campaign next October, the president just might rule in their favor."

2 Large Insurers Discuss Merger In Netherlands

AMSTERDAM — Nationale Nederlanden NV and Amfas Group NV, respectively the largest and fourth-largest Dutch insurance companies, are discussing the possibility of a merger, the companies said Monday in a joint statement.

Trading in Amfas shares was suspended Friday pending an announcement. Brokers said Amfas had appeared a target for a takeover since it had a loss of 68.4 million guilders (\$22.8 million) in 1982 after reporting a profit of 43 million guilders in 1981.

In the first half of 1983, Amfas reported a net profit of 3 million guilders and said it expected the same result in the second half.

Nationale Nederlanden had total revenue of 11.17 billion guilders in 1982 and net profit of 422 million. Amfas's turnover last year was 1.94 billion.

Investors Wait for Computer Shakeout

Many of the personal computer companies are in trouble because they tried to grow too fast or their market strategy was off-target. Digital Equipment, analysts said, has stumbled because of overly ambitious plans to tap business customers beyond its traditional base. Apple, they say, relied too much on the strength of its name to reach users.

Victor Technologies, on the other hand, spent too much building up its own direct-sales marketing force, when it should have been wooing dealers to sell its products. Last week Victor reported a \$37-million third-quarter loss. And Fortune Systems has learned the hard way that a company should not promise software for its computers if it cannot deliver on time.

Some personal computer companies, however, are not showing much in the way of earnings because they are plowing everything into building a stronger base for the future. Gregory Kelsey, senior technology analyst with Hambrecht & Quist, San Francisco, said that Eagle Computer is "spending a lot of money for research and development and marketing rather than maximizing quarterly earnings."

In addition to Eagle's range of IBM-compatible products, Mr. Kelsey is impressed by the company's emphasis on lining up such big distribution chains as Businessland

The World's Most Distinguished Clientele

Apple Computer is also now on the right track, according to some analysts. Although the company's earnings will be depressed over the next two quarters by heavy research and development and marketing outlays, James McCamant, co-editor of the California Technology Stock Letter, a San Francisco advisory newsletter, said he was "recommending aggressive purchase."

Mr. McCamant also considers Apple's planned introduction of its McIntosh computer in January to be the industry's "next new exciting product." Expected to retail for \$2,500 to \$3,000, it will be compatible with IBM's personal computer, plus it will have its own software and offer all the ease-of-use features pioneered by Apple's Lisa model, he said.

Mr. Lawrence, however, remains negative on Apple. He sees the "real possibility" that it will lose money in the next quarter and that sales of the McIntosh, which he considers critical to Apple's future, will be disappointing.

Until the dust settles, investors may be reluctant to go back into Apple or one of the hot new issues on which they have been burned.

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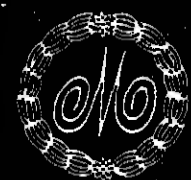
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U.S. Retailers Expect Buoyant Christmas Season

But Continuation of Recent Heavy Discounting Could Cut into Holiday Profits

By Isidore Barish
New York Times Service

NEW YORK — The Christmas shopping season, which traditionally starts in the United States on the Friday after Thanksgiving, carries this year the brightest prospects of any holiday season in at least the last four to five years, according to retailers, analysts and economists.

They predict that sales gains in the 30-day season — which starts Friday and has one shopping day more than last year — will range from 6 to 25 percent, with 12 percent the most frequently mentioned number. The improved U.S. economy, particularly lower unemployment and inflation as well as greater consumer confidence, are the bases for the strong predictions.

The potential retail sales gains have especially built retailer confidence because of the holiday season's disproportionate contribution to the year's results. The Christmas season normally accounts for as much as 25 percent of the year's sales and as much as 30 percent of the year's profits.

If the sales predictions are borne

out, the retail industry's final quarter, ending Jan. 30, should see the best profits in many years.

But, woven through the optimistic comments were several threads of concern, reflecting possible turns in the local economies, whether increased inflation will curb consumer anticipatory buying, and the potential impact of the new wave of apparel and durable price discounting on traditional stores.

Among the optimists was Edward A. Brennan, chairman of the Chicago-based Sears-Roebuck Group, the largest U.S. retailer, who said, "We expect an excellent Christmas for the general merchandise industry and for Sears. The environment is extremely favorable, the best we've seen in about three years."

Harold E. Sells, president of the New York-based F.W. Woolworth Co., one of the largest, diversified retail companies, called the prospects "quite bright." He said, "We're very bullish for the next six to eight weeks, following a third quarter in which we had a 44-percent gain in profits on a 10-percent sales increase."

Lord & Taylor, one of the largest

fashion-apparel retailers, expects "an exceptional Christmas season," according to Joseph E. Brooks, the company's chairman. The company's business so far this year has run to "high double-digit increases," he reported, and profits continue at a strong level.

In Boston, Filene's, operating 14 specialty stores and 14 "basement" stores, looks for a "good Christmas of double-digit gain over a good 1982 season," said Merwin Karsenstein, company chairman. "We expect to have fancy, novelty goods with the glitz and dressiness that consumers want in line with the more secure feeling the public has about things in general."

But there were cautionary notes. Enrich Hirschfeld, president of Willoughby's, New York, expects a "fair" season. "Something seems to be holding back consumers," he said. "Last year many of them bought electronics products and cameras because they thought prices were going up. But I think our pre-Christmas business this year is only fair because people think that prices aren't going up."

But perhaps the overriding question is not how good the Christmas season will be, but whether the year's rampant discounting of branded clothing, home electronics, health and beauty aids, and other goods, might not become the dominant element of the season's merchandising.

Traditionally priced stores, however aggressive their price promotion, would not like its adverse effect on their profits, say trade sources. And discounters, though they would probably feel they were fighting on their own turf, could find themselves facing a severe contraction by department stores heavily promoting bargains, the industry sources add.

But most traditional store operators do not think this will be as high a promotional Christmas as the last two, mostly because times are better. However, a top executive of a major department store observed that "that may be what they hope. But they have had their foot on the gas pedal for so long, pushing price cuts to bring in shoppers, that they aren't likely to take it off in such an important season."

Samuel J. Cohen, a New York retailing consultant, said, "Even if the season turns out to be as good as many predict, . . . smart department store managements probably won't ignore two key likely dangers — loss of market share to off-price operators and the pressure on their own value reputations."

Most department store executives believe that no matter how aggressive discounters are this season, they have learned how to compete. "We react by our own schedule of sales events," says Lawrence Stone, president of Stern's, which operates 17 stores in the New York area, and "by being as competitive as they are on a daily basis. But we still think that consumers prefer shopping in department stores, especially with the way discounters are trading up in goods and prices."

Shoppers browse at Nieman Marcus' new store in Chicago.



Shoppers browse at Nieman Marcus' new store in Chicago.

Manville Files Proposal To Split Into 2 Entities

The Associated Press

NEW YORK — Manville Corp., which filed for protection from its creditors 15 months ago, asked court permission Monday to split into two companies as a means of settling thousands of asbestos-related lawsuits that Manville said could cost more than \$1 billion.

Lawyers for asbestos claimants called the filing illegal and unconstitutional, and asked Bankruptcy Court Judge Burton Lifland to bar Manville from seeking creditors' approval for the plan.

Manville's proposal is designed to insulate its profitable forest products and building supplies operations from lawsuits by people with health problems as a result of exposure to asbestos. Manville, once a leading producer of asbestos, had been negotiating with creditors on a mutually acceptable plan of reorganization since it filed for protection from creditors under Chapter 11 of U.S. Bankruptcy Code on Aug. 26, 1982.

Lawyers for asbestos claimants say Manville's proposal would give the company too much leeway in determining how much of its prof-

its would go to asbestos victims.

Judge Lifland said it was "a shame" that Manville could not reach agreement with its creditors and that efforts to complete the case would now operate under a "cloud of litigation warfare."

Manville asked Judge Lifland to give it until April 30 to win approval of the plan from creditors and to rule that no other party in the case should be allowed to file a reorganization proposal. It also asked that Judge Lifland set a date after which no more asbestos lawsuits could be filed against Manville. The company suggested March 31.

Lawyers on the other side opposed both motions. Judge Lifland did not indicate when he would rule on the motions by either side. The plan, as previously disclosed by Manville, would split the company into two entities. One would run Manville's forest products and building supplies operations and would be immune from lawsuits connected with the asbestos business. It would contribute a portion of its earnings to a second entity, which would administer settlement of asbestos liability claims.

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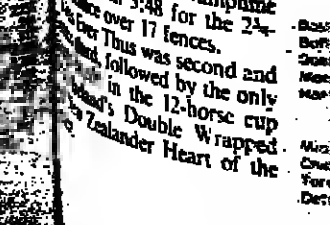
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SPORTS

Falcons Down 49ers on Deflected Pass at Final Gun

Compiled by Our Staff From Dispatch
ATLANTA — Billy Johnson caught a deflected 49-yard pass from Steve Bartkowski as time ran out Sunday to give the Atlanta Falcons a stunning 28-24 National Football League victory over the San Francisco 49ers.

Atlanta had fallen behind, 24-21, with 1:19 to play, when San Francisco quarterback Joe Montana scored on an 11-yard run after finding his receivers covered.

The Falcons, starting from their own 22-yard line, depended entirely on the arm of Bartkowski, who completed 28 of 39 passes for 306 yards and two touchdowns on the day.

Bartkowski moved his team to the San Francisco 47 with seven seconds remaining. He then threw a desperation pass that was deflected in the air by receiver Stanley Bailey near the goal line. Johnson, who had slipped on the play, got up and caught the ball on the 47, he cut to his right and, after being hit by the 49ers' Eric Wright at the 2, reached the end zone just as time expired.

"We call the play 'Rocket Left,'" Bailey said. "We line up three men to my left. My responsibility is to get down the field fast, catch the ball if I can and, if not, try to tip it to one of my teammates."

"That play never works in practice," said Bartkowski. "Somehow it only works in games."

The 49ers had jumped to a 14-0 lead when Roger Craig scored on a 6-yard run with 1:30 left in the first quarter and Montana threw an 8-yard TD pass to Wendell Tyler on

the opening play of the second quarter.

But the Falcons forged a 14-14 tie as Bartkowski threw an 18-yard touchdown pass to Bailey with 8:30 left in the period and Blake Gideon scored on a 64-yard fumble return with nine seconds to go in the half.

San Francisco reclaimed the lead with 2:07 to play in the third quarter on Ray Werschling's 25-yard run.

NFL ROUNDER

field goal. The Falcons took the lead for the first time, 21-17, early in final period when Gerald Riggs broke up the middle on a 40-yard run for fourth and one play.

Neither team crossed midfield again until San Francisco, starting at its own 49 with 2:46 to play, marched to its final score.

Bears 27, Buccaneers 0
In Tampa, Florida, Walter Payton scored twice and moved into third on the all-time NFL rushing list with 11,252 yards in leading Chicago to a 27-0 thumping of Tampa Bay.

Payton's 8-yard run in the second period gave him his seventh 1,000-yard season, tying the league record shared by Jim Brown and Franco Harris. With 106 yards on the day, Payton moved ahead of O.J. Simpson's 11,236 on the all-time list and trails only Brown (12,312) and Harris (11,758).

Bengals 38, Oilers 10
In Cincinnati, Ken Anderson completed three first-half touchdowns and Pete Johnson rushed for 137 yards and scored

twice to pace the Bengals' 38-10 rout of Houston. Cincinnati (5-7) has won four of its last five games while Houston (1-11) has lost 13 of its last 19.

Completing 10 of 15 passes for 127 yards, Anderson threw scoring strikes of 45 yards to Chris Collinsworth and 16 yards to Dan Ross. Johnson, who carried 30 times, scored on runs of 12 and 10 yards. He only better rushing day ever was 160 yards against Cleveland in 1978.

The Oilers scored on a 14-yard pass from Oliver Luck to Walt Arnold and a 34-yard field goal by Florian Kempf.

Lions 23, Packers 20
In Milwaukee, Eddie Murray's third field goal of the game, a 37-yarder with 6:30 left in overtime, capped a 20-point comeback that made Detroit a 23-20 winner over Green Bay.

Murray's game-winner was set up when Bobby Watkins intercepted a David Whitworth pass, putting the ball on the Packers 26. Whitworth replaced Lynn Dickey, who completed two first-half touchdowns but did not return after halftime because of a mild concussion.

The Lions, who trailed at halftime, 20-3, tied the score at 20 when Eric Hipple hit Freddie Scott on a 9-yard scoring pass with 6:55 left in regulation. The Lions' Billy Sims rushed for 189 yards on a team-record 36 carries.

Raiders 27, Bills 24
In Orchard Park, New York, Chris Bahr kicked a 36-yard field

goal on the game's final play as the Los Angeles Raiders withstood a fourth-period rally to beat the Buffalo Bills, 27-24.

In the final 15 minutes, Buffalo quarterback Matt Kofler, replacing Joe Ferguson, completed two touchdowns passes; the losers also got a last-period touchdown run from Joe Cribbs. Ferguson took a shot to the head in the second quarter and never returned to the game.

Cowboys 41, Chiefs 21
In Irving, Texas, Tony Dorsett ran for 108 yards and two touchdowns to become the ninth player in NFL history to go over the 8,000-yard career rushing mark as Dallas built a 27-0 lead and walked to a 41-21 decision over Kansas City. For the first time all season, the Cowboys led from start to finish.

Dorsett raised his season rushing mark to 1,036 yards and his career total to 8,051. It is the 12th time in 13 years — dating back to his junior year in high school — that Dorsett has exceeded 1,000 yards.

During the strike-shortened 1982 season, he ran for 745 yards in nine contests.

Redskins 42, Rams 20
In Anaheim, California, John Riggins scored three touchdowns as Washington blasted the Los Angeles Rams, 42-20. The Redskins forced five turnovers (including four interceptions of Vince Ferragamo passes) and limited NFL rushing leader Eric Dickerson to 37 yards in 12 carries. In one stretch, Washington scored 39 unanswered points.

NFL Standings

AMERICAN CONFERENCE

Team	W	L	T	Pct.	PP	PA
Atlanta	4	0	0	.400	242	181
Buffalo	7	5	0	.583	228	247
Baltimore	7	6	0	.538	176	272
New England	4	6	0	.400	227	272
N.Y. Jets	4	7	0	.364	225	262

NATIONAL CONFERENCE

Team	W	L	T	Pct.	PP	PA
Pittsburgh	7	3	0	.700	271	196
Cleveland	7	5	0	.583	252	241
Cincinnati	6	7	0	.462	228	225
Houston	1	11	0	.083	203	361

WESTERN CONFERENCE

Team	W	L	T	Pct.	PP	PA
L.A. Raiders	7	3	0	.700	219	248
Denver	7	5	0	.583	226	222
Seattle	6	4	0	.600	201	246
Kansas City	7	7	0	.500	203	244
San Diego	4	0	0	.333	263	345

SUNDAY'S RESULTS

Detroit 23, Green Bay 20	San Francisco 24, Atlanta 28
San Francisco 24, Atlanta 28	Cincinnati 28, Houston 10
Atlanta 28, San Francisco 24	N.Y. Giants 21, Philadelphia 14
San Francisco 24, Atlanta 28	L.A. Raiders 27, Buffalo 24
Atlanta 28, San Francisco 24	Chicago 27, Tampa Bay 0
San Francisco 24, Atlanta 28	Cleveland 20, New England 10
Atlanta 28, San Francisco 24	Denver 23, Seattle 27
San Francisco 24, Atlanta 28	Dallas 41, Kansas City 21
Atlanta 28, San Francisco 24	San Francisco 24, Atlanta 28
San Francisco 24, Atlanta 28	San Francisco 24, Atlanta 28
San Francisco 24, Atlanta 28	San Francisco 24, Atlanta 28



Billy Johnson and the 'Rocket Left' touchdown that beat San Francisco for Atlanta, 28-24.

British Columbia, Toronto in Grey Cup

The Associated Press

VANCOUVER, British Columbia — The British Columbia Lions, rallying here Sunday to defeat the Winnipeg Blue Bombers, 39-21, advanced to the Grey Cup for the first time since 1967.

British Columbia will meet the Toronto Argonauts here Nov. 27 in the CFL championship game. Cedric Minter plunged over from 2 yards out with 27 seconds left to give Toronto a 41-36 home-field victory over the Hamilton Tiger-Cats in Sunday's other divisional final.

Minter's score came seven plays after the Argonauts had fallen behind, 36-34, on Bernie Ruoff's second field goal of the day for Hamilton. Rookie running back Johnny Shepherd scored three Tj-Cat touchdowns, two on runs and one on a 41-yard pass from quarterback Dieter Brock.

Hamilton's cop hopes were snuffed out when Brock fumbled — his third of the game — with 18 seconds to play. The ball was recovered by defensive tackle Frank King on the Hamilton 17. Minter took three cracks at the line from 5 yards out before getting into the end zone with his second TD of the game.

Winnipeg took a 14-3 lead in the first period when Tom Clements threw TD passes of 10 yards to Joe Poplawski and 20 yards to Jeff Boyd. Backup John Hufnagel completed a 42-yard TD pass to Rick Howe in the third quarter.

The Big Man's Gone, but Big Men Remain

NEW YORK — Ralph Sampson, a generation unto himself, has moved on. But college basketball has another crop of big men coming on strong for 1983-84.

Patrick Ewing is the heart of a rugged Georgetown team that is packed deep. Akem Olatunji, a 7-foot Nigerian, is Houston's menacing shot-blocker. Kentucky has had excellent support from Melvin Turpin the last two years while Sam Bowie has been hobbled by a fractured leg; now Bowie is back — the plaster is off and the heat is on for everyone else.

Others bigger to be reckoned with include Greg Stokes of Iowa, Charles Barkley of Auburn and Benoit Benjamin of Creighton. And then there is Sampson's replacement at Virginia, a 6-11 freshman whose name alone can shatter backboards — Olden Polynice.

But talent at all positions spans the country. At forward, look for Sam Perkins, North Carolina; Keith Lee, Memphis State; Wayne Tisdale, Oklahoma; Charlie Siftion, Oregon State; Adrian Branch, Maryland; Michael Clegg, San Diego State; Ed Pinckney, Villanova; Michael Young, Houston; Xavier McDaniel, Wichita State; Kenny Fields, UCLA.

In the backcourt, the standouts are Michael Jordan, North Carolina; Leon Wood, Fullerton State; Jim Master, Kentucky; Chris Mullin, St. John's; Lancaster Gordon, Louisville; Vern Fleming, Georgia; Mark Price, Georgia Tech; Eric Turner, Michigan; Gerald Wilson, Virginia; Danny Young, Wake Forest.

Houston retains Olatunji as well as other charter members of its "Phi Slama Jama" fraternity. Louisville has thorough guards in Gordon and Milt Wagner. North Carolina returns two All-Americans in Perkins and Jordan. Kentucky is fearsome with a killer front line and great recruits. Georgetown has its lethal defense. UCLA is in no short supply of talent and Oregon State will make trouble out West.

But, with N.C. State and Georgia

as Exhibits A from last season, the little guy has not been entirely cast aside. This season there may be oases from unfamiliar places: Kansas, Michigan State, Fresno State, Texas-El Paso, Fullerton State and Tennessee-Chattanooga.

For N.C. State this time around, little hopes are best forgotten: Duke, North Carolina, and one of the best in the East.

Three of the last four NCAA champions have come from the South. It could well be four of five.

U.S. COLLEGE BASKETBALL PREVIEW

spite a victory last weekend over Houston. The Wolfpack has lost its leading scorer in Derek Whittenberg, leading rebounder in Third Bailey and point guard in Sidney Lowe.

Georgetown has 7-foot Ewing the shot-blocking demon and principal figure in a rock defense. There is also Bill Martin, David Wingate and Gene Smith at forward and Michael Jackson, Horace Broadnax and Fred Brown at guard.

Boston College has a deft shooter in forward Jay Murphy, along with Martin Clark and watching guard Michael Adams, but the Eagles are questionable on the boards. Big East lodge members St. John's, Syracuse and Villanova will feel the effects of commencement.

In the Big East's shadow is the Atlantic 10, where Temple figures to rule but Philadelphia rival St. Joseph's may not be obnoxious. The Metro Atlantic Athletic Conference keeps getting better and this year picks up two tradition-rich schools in LaSalle and

The confederacy of power includes Kentucky, North Carolina, Louisville, Memphis State, Maryland and Louisiana State.

With the two-headed monster of Bowie/Turpin up front, Kentucky is reminiscent of its 1978 title team with Rick Robey and Mike Phillips. The Wildcats also have 6-8 Kenny Walker and guards Master and Dicky Beal.

LSU and Georgia might scratch the Wildcats in the Southeastern Conference. LSU has four starters back, including Leonard Mitchell, and Georgia, a final-four wonder last year, returns Vern Fleming and James Banks.

The Metro Conference adds South Carolina, but figure on Louisville and Memphis State to dominate. The Cardinals say good-bye to Rodney and Scooter McCreary but retain Lancaster Gordon, Milt Wagner and Charles Jones. The Tigers have all-American Lee and Bobby Parks up front and Andre Turner at guard. But Virginia Tech will not go gently.

In the Atlantic Coast Confer-



Mike Bullard of Pittsburgh and Bobby Clarke were pivotal figures in an NHL contest Sunday: Bullard's second goal of the night, with 5:18 left in regulation, tied the game, 4-4, but Clarke scored at 2:17 of overtime to win it for Philadelphia.

NHL Standings

Team	W	L	T	Pct.	GF	GA
N.Y. Rangers	15	5	3	.714	74	54
Philadelphia	12	7	2	.667	72	59
Washington	9	12	0	.429	68	74
Pittsburgh	9	12	1	.438	65	83
New Jersey	2	18	0	.111	44	102

CANADIAN CONFERENCE

Team	W	L	T	Pct.	GF	GA
Montreal	10	8	2	.556	94	86
Chicago	10	10	2	.500	84	87
Toronto	9	10	2	.476	84	87
Detroit	7	10	2	.412	69	80

NBA Standings

EASTERN CONFERENCE

Team	W	L	T	Pct.	GB
Philadelphia	6	2	0	.750	—
Boston	6	4	0	.600	1 1/2
New York	7	5	0	.583	1 1/2
New Jersey	4	5	0	.444	2 1/2
Washington	5	5	0	.500	2 1/2

CENTRAL DIVISION

Team	W	L	T	Pct.	GB
Atlanta	4	5	0	.444	—
Memphis	7	4	0	.639	1 1/2
Chicago	4	6	0	.400	1 1/2
Indiana	3	8	0	.273	2 1/2
Cleveland	3	8	0	.273	2 1/2

WESTERN DIVISION

Team	W	L	T	Pct.	GB
Dallas	7	4	0	.639	—
Denver	6	7	0	.462	1 1/2
San Antonio	5	7	0	.417	2 1/2
Utah	5	7	0	.417	2 1/2
Houston	4	7	0	.364	2 1/2

PACIFIC DIVISION

Team	W	L	T	Pct.	GB
Los Angeles	9	2	0	.818	—
Portland	8	4	0	.667	1 1/2
Seattle	7	4	0	.639	1 1/2
Golden State	6	4	0	.600	2 1/2
San Diego	5	7	0	.417	3 1/2

SUNDAY'S RESULTS

San Diego 97, Cleveland 77	Houston 24, Detroit 16
San Diego 97, Cleveland 77	San Diego 97, Cleveland 77
San Diego 97, Cleveland 77	San Diego 97, Cleveland 77
San Diego 97, Cleveland 77	San Diego 97, Cleveland 77

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